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ABSTRACT

In one of a series of hearings held in communities around the nation on the reauthorization of the Higher Education Act of 1965, the Subcommittee on Postsecondary Education met to hear testimony from higher education professionals, business people, and students in the state of Hawaii. In particular the witnesses, grouped in seven panels, testified to the needs of citizens in Hawaii and in the larger Pacific area. The first panel consisted of five officials from the University of Hawaii (UH) who spoke about the needs and plans of that institution, the diverse nature of the student body at UH, and recommendations for the reauthorization. The second panel contained representatives from Hawaii's community colleges testifying on the concerns of those institutions. The third panel included a college admissions counselor from a local private high school and a student support services program director from UH speaking on preparing, informing and counseling high school students and on the Special Programs for Students from Disadvantaged Backgrounds. The fourth panel of witnesses included three financial aid administrators from institutions around the state and the president of a private career school whose testimony concerned the financial aid needs of students and proposals for changes or reauthorization of various federal student aid programs. On the fifth panel were a state director on vocational education, a UH administrator, a representative of the local building and construction industry and a representative of a local carpenters union all speaking about developing the workforce. The sixth panel consisted of two student loan administrators addressing proposed changes to the legislation. The last panel was made up of students from UH testifying to the needs of low-income, disabled and non-traditional students. The prepared statements of the witnesses and of those not able to attend as well as letters and supplemental materials are also included. (JB)

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OVERSIGHT HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965: HILO, HAWAII

HEARING

BEFORE THE

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

ONE HUNDRED SECOND CONGRESS

FIRST SESSION

HEARING HELD IN HILO, HI, JULY 1, 1991

Serial No. 102-67

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OVERSIGHT HEARING ON THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

MONDAY, JULY 1, 1991

House of Representatives,
Subcommittee on Postsecondary Education,
Committee on Education and Labor,
Hilo, HI.

The subcommittee met, pursuant to notice, at 8 a.m., in Rooms 306-307, Campus Center, University of Hawaii at Hilo, Hawaii, Hon. Patsy T. Mink presiding.

Members present: Representatives Mink, Washington, and Jefferson.

Staff present: Thomas R. Wolanin, staff director; Maureen Long, legislative associate; Bob Chun, administrative assistant; Laura Efurd, legislative director; and Joan Manke, executive assistant.

Mrs. Mink. The meeting of the Subcommittee on Postsecondary Education, U.S. House of Representatives, will come to order.

I have the very great honor and privilege of opening the hearings on the Higher Education Act, the reauthorization process that has been ongoing for several months in Washington. And I am very, very happy that the subcommittee was able to arrange the hearings to be held in Hawaii.

I want to thank all of the people that worked so hard to make these hearings possible, and to make all the necessary arrangements, and more particularly, Chancellor Kormondy, for his magnificent assistance in making all of the contacts and arrangements for the use of facilities, and our luncheon at noon today, and all the other special circumstances which are required to have a hearing of this nature.

The Higher Education Act, I believe, is the most important piece of legislation in the education field facing this Nation, and indeed perhaps the most important of all legislation before the Congress.

As we face the future and we begin to discuss the importance of all of the aspects of American society, and the threats of competition against our economy, the Nation is challenged in so many ways that can be addressed by directing our energies in higher education.

Therefore, all the thoughts and energies and concepts that we can collect during these hearings across the Nation will help us to fashion a bill which will indeed not only meet the current requirements for reauthorization, but will carry us into the future and help this Nation meet the requirements of our students, as well as our faculty, but more importantly, the demands of this Nation to continue in excellence in the field of research and science and technology, and all the aspects that will make us competitive in the world tomorrow.

And that is the significance of these hearings, and we hope that you will help us understand the needs of the State of Hawaii, and perhaps beyond into the Pacific area, and enable us in the drafting of this legislation to meet the concerns that you have here in this jurisdiction, as well as in the Pacific area.

It is my very great privilege to have two members of the Committee on Education and Labor here with me to conduct these hearings. I am very, very honored that they could come and be a part of these deliberations.

I am enormously grateful for their participation. The periods that the Congress has for district work is a time that is very special and important to Members. And it is important to get back to the District and to do the things that are necessary there.

So, when a Member decides to take time off from that district work to participate in these hearings, it is something very special. And I feel very privileged that they would agree to take time off from their important work at home to come here to help me conduct these hearings.

If they could not have come, or did not come, or would not come, these hearings would not be possible. And so, I am especially grateful—because the rules of the House require that a single Member of the House cannot hold hearings which are part of the record.

We can conduct hearings, but it would not be part of the record of the deliberations. Everything that is to be said today, testimony that is given and presented in writing, even though not delivered, will be part of the transcript.

And it will be then taken to Washington, and all members of the committee will have an opportunity to read it and to see what the points of interest are here.

To my immediate right is Congressman Craig Washington. He is from the great State of Texas, from the Houston area. He is an attorney. He has a Doctor of Law degree from Texas Southern University. And he is a very distinguished member of our committee and of the Congress, and a great leader in his own right, and was one of the great leaders and champions on our recent debate on the civil rights bill—and you probably saw it if you watch C-SPAN.

He is also a member of the Judiciary Committee. And I take special privilege in welcoming you, Craig, to these hearings.

At his right is Congressman William Jefferson of New Orleans. And he, too, is an attorney. He is a graduate of Harvard University. He has a Doctor of Law degree from that institution. And he is not only a member of the Committee on Education and Labor, but also a member of the Merchant Marine and Fisheries Committee. Both committees are extremely important to the State of Hawaii.

So, it is a pleasure to welcome my two colleagues today.

On my left is the Chief Counsel of the Subcommittee on Postsecondary Education, Tom Wolanin, who has been with the committee for 13 years. And if I get stuck and can't answer your questions, I am sure that he can.

And accompanying the committee also is Maureen Long, in the back, also a member of the staff of the Subcommittee on Education and Labor. Right behind me is my own staff's Legislative Director, Laura Efurd, who has been the chief coordinator on my staff in putting together these hearings.

And I take this opportunity to especially thank Laura for all of her very, very hard work in arranging for these meetings.

Having said that, let's begin the hearings. And I believe our first witness would have been Dr. Albert Simone, the President of the University, but I understand he is not feeling well today, and has asked Dr. Ed Kormondy to present his remarks.

So, Ed, why don't you do both, his and yours.

STATEMENTS OF DR. ALBERT SIMONE, PRESIDENT, UNIVERSITY OF HAWAII, HONOLULU, HAWAII; DR. EDWARD KORMONDY, CHANCELLOR, UNIVERSITY OF HAWAII AT HILO, HILO, HAWAII; DR. JOHN P. DOLLY, DEAN, COLLEGE OF EDUCATION, UNIVERSITY OF HAWAII, HONOLULU, HAWAII; DR. DORIS CHING, VICE PRESIDENT FOR STUDENT AFFAIRS, UNIVERSITY OF HAWAII, HONOLULU, HAWAII; AND PAUL YUEN, VICE PRESIDENT FOR ACADEMIC AFFAIRS, UNIVERSITY OF HAWAII, HONOLULU, HAWAII

Mr. **Kormondy**. Thank you, Mrs. Mink.

In view of the fact that things never work quite properly when you want them to, the air-conditioning is currently out of whack. If you would be more comfortable being Hawaiian this morning, please be our guests and remove your jackets.

My testimony now is on behalf of President Simone.

Madam Chairwoman and members of the subcommittee, thank you for the opportunity to speak at this hearing on the reauthorization of the Higher Education Act. I am present at today's hearing in my capacity as President of the University of Hawaii, and it is a genuine pleasure to be here to speak with you and to introduce to you some of my colleagues from the University.

This piece of legislation which is the subject of this hearing was history-making when it was adopted in 1965 and, a quarter of a century later, it remains an absolutely critical element in assuring the availability of postsecondary education to the residents of the United States.

I am pleased the Committee on Education and Labor has selected Hawaii as a site for its hearings and I am grateful to you, the members of the committee, and especially to Representative Mink, for permitting me to share my thoughts with you today.

Let me first take this occasion to welcome you warmly to this campus of the University of Hawaii system. Hilo is the second largest city in the State of Hawaii. I will skip a little bit of that, because I will repeat part of that a little bit later.

As you perhaps already know, the statewide system of higher education in Hawaii consists of seven community college campuses throughout the State, two baccalaureate-granting campuses, the first here at UH-Hilo and the second on the Island of Oahu at Pearl City, and a comprehensive research campus which is our flagship institution.

This higher education system is governed by the Board of Regents, appointed by Governor John Waihee, and we are proud of the record of support which we have enjoyed from the Board, the Legislative and Executive Branches of our State government.

I would add that I can also attest to the fine relations we enjoy with our colleagues in private postsecondary institutions in Hawaii and the shared commitment we all have to meeting the needs of our island communities for opportunities to access higher education.

Let me begin my comments on the reauthorization by quoting from Secretary of Education, and a former University Presidential colleague, Lamar Alexander, who has characterized the Bush Administration's intent with regard to the reauthorization as "expanding access of postsecondary education and encouraging educational excellence and achievement."

These historic goals are ones to which, I assure you, my colleagues here in Hawaii and I fully subscribe. Indeed, perhaps we in the 50th State have a heightened awareness of the critical role higher education plays in preparing our citizenry for what has been called "high tech-high touch" 21st century.

We live each day cognizant of the global economy in which we operate and the ways in which technology can lead to progress, but we are watchful not to come insensitive to the human element.

I hope the political leadership of our Nation will assign the highest priority to the important issues which the Higher Education Act of 1965 addressed. National issues of poverty, homelessness, alcoholism and drug abuse, health delivery, crime and unemployment call out for responses from a coalition of private and public sector agencies.

The knowledge base for these domestic issues and for the major international issues of political, environmental and economic order is to be found on college and university campuses. In meeting the challenges the U.S. faces, we in higher education look to the Congress to provide the important margin of support which will permit us to do our job in educating the new generations of scholars who will deal with these domestic and foreign issues.

Indeed, the record of assistance which we have received over the past quarter-century as a result of the Higher Education Act is noteworthy. We acknowledge the generous assistance of the Federal Government in this regard, and hope that you and your colleagues in the Congress will sustain and expand the support that has, over the years, meant the difference between exclusion from and access to quality postsecondary education to thousands and thousands of Hawaii residents, and many times that number throughout the Nation.

Madam Chair, I see the reauthorization as a window of opportunity for our Nation to address the needs of our population in regard to:

Pell Grant support for low-income students; Stafford loan assistance and college work-study for middle-income students; scholarship funds and service programs for native Hawaiians and other native Americans; funding to assist nontraditional students; support for cooperative education initiatives; enhancement of international education programs; and assistance in upgrading basic infrastructure and facilities at higher education institutions, an example of which is the proposed State of Hawaii Center for Educational Excellence.

It is my very great pleasure now to introduce to you Dr. Paul Yuen, the interim Senior Vice President for Academic Affairs at the University; Dr. Doris Ching, the Vice President for Student Affairs; and Dr. John Dolly, the Dean of our College of Education at the Manoa campus. These colleagues will address in more detail some of the areas of reauthorization which are of particular concern to us at the University of Hawaii.

Again, thank you for allowing me this time to address the subcommittee today.

Mrs. MINK. Dr. Yuen?

Mr. YUEN. Thank you.

Representative Mink and Members of Congress, my name is Paul Yuen, and I am the interim Senior Vice President for Academic Affairs at the University of Hawaii at Manoa.

The Higher Education Act has had tremendous lasting impact on individuals and on institutions in Hawaii, and I appreciate the opportunity to testify before you on behalf of undergraduate and graduate programs at the University of Hawaii.

The University of Hawaii strongly endorses continued Federal support and assistance for higher education. In my testimony before you this morning, I would like to highlight key areas that are particularly important in meeting our academic and programmatic needs.

Continued support for international education, assistance to university libraries, improvements to the infrastructure, and funding for graduate education and for research in postsecondary education will go the farthest in promoting excellence in education.

In a period of dramatic change in the international order and in the United States' posture in the world, competence in international affairs is recognized as an urgent national priority. More than ever, broad international competence and a high level of international expertise are essential to our Nation's ability to operate both domestically and internationally.

The University of Hawaii at Manoa has long recognized the importance of an international focus in higher education and has been at the forefront of internationalizing its curriculum.

Much of this has been made possible with the approximately $2 million the University receives annually from the Higher Education Act for this purpose. Without these funds, higher education would experience a dramatic decline in its international capacity, at a time when global economic competition clearly requires more expertise.

We therefore recommend continued funding to strengthen existing National Resource Centers and to create new centers in response to changes in the new world order; funding for long-term partnerships with foreign educational institutions; support for curriculum development and teacher education on international subjects; an increase in the number and stipend levels of student scholarships for international study, and funding to support centers of excellence in international area studies.

University libraries across the Nation provide the foundation for intellectual activity. In libraries today, the collection, maintenance, and access of material is a much more complex and sophisticated enterprise than in the past.

The collection and preservation of materials, and the ability to access them require technological equipment and skills that go beyond what most States' budgets are able to provide. Fortunately, however, our library at the University of Hawaii at Manoa has been able to support some of these functions with funds from the Higher Education Act.

For example, we received more than $500,000 from the Higher Education Act to create on-line data bases and to preserve our Pacific and Hawaiian Collections. Support of this nature has a "ripple effect" which begins at the University and spreads to other segments of our community, to other islands in the Pacific, and beyond.

For the same reason, we support reauthorization of funds for training in librarianship, especially for minorities and for programs aimed at serving the needs of a multi-cultural society.

A third critical area of support involves basic improvements to the infrastructure of college campuses. Like many universities across the country, many of our buildings, classrooms, offices and laboratories are in serious disrepair or are inadequate to meet new government requirements for safety and handicap access.

Furthermore, as technology advances, it is important that our student laboratories are kept up to date so that our graduates can do their part in keeping the U.S. competitive in world markets. More up-to-date equipment, particularly in scientific and technological areas, is urgently needed.

In addition to the areas I have highlighted, I would like to briefly address the need for continued support for graduate student fellowships, especially for minority and disadvantaged students. This need is especially acute in Hawaii, which has a large population of minority and immigrant groups, many of whom could not afford to attend college without grants, loans or student fellowships.

Finally, I also urge serious consideration of continued funding for FIPSE, the Fund for the Improvement of Postsecondary Education. FIPSE has played a critical role in allowing universities and colleges to conduct institutional research leading to educational reform.

The support provided by FIPSE allows postsecondary institutions to research, test and develop models aimed at improving educational programs for students.

In closing, we reiterate our need for continued support in the areas of international education, university libraries, support to the infrastructure, graduate fellowships, and funding for FIPSE. The Higher Education Act has a tremendous impact on members of our university community, and citizens in the State of Hawaii and in our Nation.

I would like to thank you for this opportunity to testify.

[The prepared statement of Paul Yuen follows:]

THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

Testimony Presented On July 1, 1991

By Interim Senior Vice President Paul C. Yuen

On Behalf Of

THE UNIVERSITY OF HAWAII AT MANOA

Representative Mink and members of the House Subcommittee on Postsecondary Education, my name is Paul Yuen and I am the Interim Senior Vice President of the University of Hawaii at Manoa. I appreciate the opportunity to testify before you on behalf of undergraduate and graduate programs at the University of Hawaii since the Higher Education Act is one of the principal sources of support for higher education at the national level.

The University of Hawaii strongly endorses continued federal support and assistance of higher education. In my testimony before you this morning, I would like to highlight key areas that are particularly important in meeting the needs of students involved in higher education in the State of Hawaii and in the nation. From the perspective of academic undergraduate and graduate programs, continued support for international education, university libraries, improvements to the infrastructure, graduate education, and research funds for FIPSE are seen as critical in promoting excellence in education.

International Education

In a period of dramatic change in the international order and in the United States' posture in the world, the improvement of international education and competence is recognized as an urgent national priority. Broad international competence and a high level of international expertise are more than ever essential to America's ability to operate both domestically and internationally. Among those who have spoken out recently in favor of international education are the National Governors' Association and the National Association of State Universities and Land-Grant Colleges.

Title VI, International Education Programs, of the Higher Education Act, represents the bulk of the Federal government's commitment to assist in generating international expertise at the post-secondary level. The primary programs in Title VI are the National Resource Centers and the Foreign Language and Area Studies Fellowships (FLAS). Title VI also funds other programs, including undergraduate international studies and foreign languages, research, language resource centers, intensive summer language institutes, business and international education, and centers for international business. The University of Hawaii receives about $2 million per year from Title VI funds.

While this country's international competence and scholarship are not limited to institutions receiving Title VI funds, these funds do leverage greater investments in the field by universities and colleges themselves and often provide the extra fiscal increment necessary to realize the goal of achieving greater international competence. Without the essential federal contribution, American higher education would experience a dramatic decline in its international capacity, at a time when global economic competition clearly requires more expertise.

The University of Hawaii has long been a system which recognizes the importance of the international dimension in higher education. After its founding in 1907, area studies at the University began with the establishment of a Department of Japanese in 1919 and a Department of Chinese in 1921. International education at the University has since become an integral part of the University's emphases and its plans for the future, as evidenced in: its 1982 *Mission Statement*, which stresses the University's role and responsibility to serve as a bridge between East and West; its 1984 *Strategic Plan*, which confirms the University's international, especially Pacific-Asian, focus; its 1991 *Master Plan*, which reinforces the University's unique resources and location as assets in becoming an international educational center.

The value of the University as a national educational resource has been recognized by the federal government, as evidenced by the fact that the University has over the years been the recipient of extensive Title VI funding.

Most recently, for example, the University of Hawaii at Manoa Second Language Teaching and Curriculum Center in the College of Languages, Linguistics and Literature was the first unit in the nation to be designated a National Foreign Language Resource Center, and has received a grant totalling $1.25 million over a three-year period. The Center's activities concentrate on five areas: foreign language acquisition research; foreign language materials and methods development; language proficiency teaching and testing; language technology and telecommunications; translation and interpretation. In addition, the Center sponsors a fellowship program, an internship program, and an intensive summer institute. The focus of the Center includes languages which are less commonly taught, particularly those of Asia and the Pacific. For example, we were fortunate to be able to support the participation of 10 scholars this spring, 7 this fall, 35 in the Summer institute program, and 1 Visiting fellow this fall.

In 1989, the College of Business Administration was one of the first five colleges to be selected as a Center for International Business Education and Research. In its first year, the Center received $100,000. Second-year funding totaled $296,296 and the anticipated funding for the coming year will likely exceed $300,000. The broad goals of the Center are to: be a primary national resource center for improved international business teaching emphasizing Asia and the Pacific; promote interdisciplinary collaboration for research and training in Asia-Pacific-focused international trade and commerce; be a primary national resource for American firms doing business in Asia and the Pacific by meeting their international training needs; provide instruction in critical international fields of Asia and the Pacific; serve academic, business, and professional communities; improve information services, teaching, and research activities to enhance the knowledge base and competitive strength of American businesses.

Some examples of activity in this area for 1990-1991 include: funding for 15 faculty research proposals; 20 participants in Faculty Development Program on international business and curriculum development; and a joint venture with local businesses to establish the Electronic Meeting Room to encourage use of communication technology in business and develop understanding of cross cultural business issues.

This year, the School of Hawaiian, Asian, and Pacific Studies received three years of funding to support three National Resource Centers, two of which also administer Foreign Language and Area Studies Fellowships (FLAS). East Asian, which includes China, Japan, and Korea, received a total of $136,030 as a Center and $105,500 for FLAS; Southeast Asian was the recipient of $78,978 as a Center and $148,400 for FLAS; Pacific Islands received $136,460 as a Center. With these monies, the Centers have engaged in outreach programs such as workshops for teachers, made library acquisitions, entered into cooperative programs, and provided travel funds. For example, in 1991, 11 East Asia and 9 Southeast Asia students received FLAS, for an average of 16 per year.

Recommendations:

- Strengthen existing types of National Resource Centers and increase their funding commensurate with added responsibilities.
- Create additional centers to make sure that an appropriate volume of expertise will be developed for all world areas and to allow for the study of newly emerging themes that are of critical importance in a new international world order and economy.
- Increase the number and stipend level of student FLAS grants. The amount of individual scholarships (FLAS) must reflect the increases in the cost of living.

- Provide funding to support long-term linkages with foreign institutions at all educational levels and for support for faculty/scholar short-term visits abroad.
- Support pilot programs to improve pedagogy in international education and prepare teachers of international subjects.
- Increase support for cooperative efforts aimed at encouraging international education across different levels of education, including university and college outreach programs for primary and secondary teachers.
- Support curriculum development which infuses international content into all professional fields and into the general education requirements at all levels.

In short, we recommend continued funding to strengthen existing National Resource Centers and to create new centers in response to changes in the new world order; funding for long-term partnerships with foreign educational institutions; support for curriculum development and teacher education on international subjects; funding to increase the number and stipend level of student scholarships for international study, and funding to support centers of excellence in international area studies.

University Libraries

Title II of the HEA is the principal vehicle of federal support for academic and research libraries, for library education, and for research in library and information science. We strongly endorse continued federal support and assistance for libraries and library education through Title II as a means to stimulate and take advantage of the rapidly developing information and telecommunications technologies, and to encourage resource sharing between educational institutions, a sharing that transcends institutional, political, and geographical boundaries.

We support the revision of the act which replaces the current II-A section with an upgraded program of technological and cooperative assistance, one which builds upon the provisions of the current II-D. This is an appropriate and timely direction for the Act to evolve towards. The new II-A should be configured to provide funds for technological equipment for first-time connections to a resource sharing network, for consortia and joint-use library projects, and for projects which link libraries and library resources to the Internet and to the proposed National Research and Educational Network.

With regard to this revised section, we would like to suggest that the guidelines allow for support to multitype institutions which are joined through a common governing board such as the University of Hawaii. In the past a grant submission which included as participants UH-Hilo, UH-Manoa, and UH-Community Colleges was rejected in part because these institutions were considered a single entity. Yet, in states where these three types of institutions are organized as separate institutions, grant eligibility is not a problem.

Title II-B provides funds for the training of persons in librarianship, especially minorities, for those enrolled in programs leading to the doctorate and other areas of demonstrated shortages, and for research and development projects which would enhance library services through the use of our evolving information technologies.

We believe that the revised II-B should specify an emphasis on minorities and serving the needs of a multicultural society. Currently priorities are left to Education Department regulations.

In addition, consideration should be given to providing assistance through this portion of the Act to graduate schools of library and information studies for the acquisition of new information technologies and tools in support of their training and degree oriented programs. The schools must be in the forefront if they are to provide programs that are tuned to the realities of our information age and the standards of practice in the institutions for which these students are being prepared to staff and serve.

The Title II-C portion of the act was devised to "... promote research and education of higher quality throughout the United States by providing financial assistance to major research libraries." Approximately $70,000,000 has been distributed to the nation's research libraries in the twelve years this program has been funded for the purposes of fostering bibliographic control, developing a national library database, encouraging resource sharing, preserving valuable print, visual, and sound collections, and supplementing collection acquisition programs.

The University of Hawaii Manoa Library has received over $500,000 through this program for the purpose of creating on-line databases and access to its Pacific and Hawaiian Collections, for preserving microfilming of newspapers from Pacific Island territories and nations, for preserving and adding to its Pidgin-Creole collections, and for preserving photographic collections related to the Pacific. These projects benefit more than just the recipient institution. For example, the cataloging produced through these grants has been shared at no cost with other public, college and university libraries and copies of the microfilmed newspapers have been offered to Pacific Island institutions for minimal reproduction costs. The multiplier effects of these grants are significant as the nation's research libraries are the foundation for cooperative activities all across our educational and research communities.

In summation, we support the directions of the revision of the Act and we applaud the Congress for maintaining support for the HEA Title II in the face of repeated zero funding recommendations from previous administrations. We believe that the grants have made a difference to higher education and, if anything, we would encourage the Congress to increase the levels of support for the Act so that our nation's educational institutions are equipped and staffed to serve at the forefront of our expanding knowledge universe.

Infrastructure Support

Funds to improve and renovate existing facilities and to provide more up-to-date equipment, particularly in scientific and technological areas, is urgently needed. Like many universities across the country, many of our buildings are in serious disrepair or are inadequate to meet new state and federal requirements for safety and handicap access. Many classrooms, offices and laboratories have not been adequately maintained and require extensive "catch-up" repair and maintenance efforts.

The University of Hawaii at Manoa is committed and mandated to provide programs and services accessible to all students and employees. Renovations of existing buildings and classrooms to create barrier-free structures is a costly enterprise for many state universities.

Also, as technology advances, it is important that our student laboratories keep pace so that our graduates can help to keep the U.S. competitive in world markets.

Graduate Programs

In addition to these critical areas, the need for federal support for graduate education and graduate students continues. We are concerned particularly about the heavy reliance on student loans to support both graduate and undergraduate students, and we believe that there should be major increases in funds for fellowships that are available to students. Such fellowships should be transportable and allow students to take the fellowships with them to any university they wish to attend.

The Higher Education Act does a good job of supporting graduate education nationwide with 270 institutions receiving graduate awards from the Department of Education. The University of Hawaii has been the recipient of funds from four individual programs: minority participation in graduate education; foreign and language area studies; national resource centers; and Fulbright Hays doctoral dissertation awards.

As you are aware, the nation is facing an acute shortage of Ph.D.s in the future. Several of the programs in Title IX will help to address this problem. A major concern is that currently these programs are administered by different program officers under different procedures and schedules, which impairs their utility. Administrative consolidation would certainly be beneficial.

The University of Hawaii is a member of the Council of Graduate Schools and has worked with the Council to develop recommendations and new legislative language for both Title IX and Title VI. We support their recommendations, which were drafted in conjunction with other associations, in support of graduate education. A draft of their statement, dated March 29, 1991, contains additional recommendations relating to the Higher Education Act and graduate education.

Fund for the Improvement for Postsecondary Education

Finally, I also urge serious consideration of continued funding for FIPSE, the Fund for the Improvement for Postsecondary Education. FIPSE has played a critical role in allowing universities and colleges to conduct institutional research leading to educational reform. The support provided by FIPSE allows postsecondary institutions to research, test, and develop models aimed at improving educational programs for students. The University of Hawaii currently receives funding from FIPSE, and has benefitted many times in the past.

In closing, we ask for your continued support for the Higher Education Act, particularly in the areas of international education, support for our libraries, infrastructure support, graduate fellowships, and funding for FIPSE. This act has a tremendous impact on members of our university community, and citizens in the State of Hawaii and in our nation. Thank you for the opportunity to testify.

Mrs. MINK. Dr. Ching?

Ms. CHING. Madam Chairwoman, Congressman Washington, Congressman Jefferson, I will summarize my statement, and I request my full statement be included in the record.

Mrs. MINK. Without objection, so ordered. All of the statements that have been submitted to the committee or which will be submitted to the committee before the conclusion of these hearings will be inserted in the record in full, and such additional remarks as you present orally will also be included.

Ms. CHING. Thank you.

The Higher Education Act of 1965 was a legislative landmark that has given shape and direction to 25 years of Federal support for postsecondary education. Periodic Congressional reauthorization of this act has redefined the scope of Federal involvement in higher education and kept the act responsive to the changing needs of postsecondary institutions and the students they serve.

I would like to thank the Congress for its continuing support of the many Federal programs authorized under the act and would like to share with you some comments and suggestions relating to its current reauthorization. My comments will be limited to those parts of the act that relate to programs and services that are a part of the University of Hawaii Office of Student Affairs.

The Manoa campus, like campuses across the Nation, has seen an increase in the number of "nontraditional" students enrolling in our baccalaureate programs. Almost 20 percent of our undergraduates are over age 24. Approximately 9 percent are between the ages of 30 and 59.

Many of these older students must balance their educational pursuits with other family and employment responsibilities.

Congresswoman Mink, we are fully aware of your public acknowledgment of this situation, and we thank you for that understanding.

Like other colleges and universities, we are experimenting with programs designed to address the unique needs of older students. We recommend that Congress consider amending Title I of the act to provide State incentive grants that could be used to facilitate State level partnerships between business and postsecondary institutions. These partnerships would address the need for a highly educated work force and the growing demand by nontraditional students for both degree and continuing education programs.

In addition, we recommend that other existing programs authorized under the Higher Education Act be amended to address the needs of nontraditional students as appropriate.

We believe that Federal need-based student aid programs must be recalibrated to address the financial realities of many American families who are house-rich but cash-poor.

New financial aid mechanisms to assist middle-income students must be explored. It is important that viable alternatives for assisting middle-income students be identified and implemented before shifting dollars from these students to support the more needy.

We are also alarmed by the increased complexity of need-based student aid programs. Application procedures and need analysis methodologies must be simplified so as to encourage needy students and their families to apply for aid.

Unnecessary administrative requirements must be reduced so that colleges and universities can manage these programs in a more efficient and effective manner. It is important to reemphasize that Federal student aid programs are most effective when they are grounded in a "partnership" between the government, postsecondary educational institutions, students, and their families.

Specific comments and suggestions are in my full statement.

I would like to also voice our strong support for continuing education, continuation of the TRIO programs. We recommend that these programs be continued in their current form and that increased funding be provided so that additional students may be served.

In addition, we urge the support for cooperative education be continued. Our students have told us that their undergraduate education could be improved by providing more real experience, such as internships. Currently, cooperative education is our primary vehicle for offering real-world employment experiences to our students.

Students tell us they benefit from this program because they gain professional work experience, earn wages that help to finance their education, build confidence and self-esteem and apply classroom learning to real-world situations, thereby enriching their education.

I would also like to call the committee's attention to a proposal submitted by the State Higher Education Executive Officers to amend section 415 of the act by authorizing State incentive grants for the purpose of establishing or expanding early intervention programs designed to provide encouragement and support for needy and academically at-risk students, beginning in the 6th grade.

Such incentive grants, if authorized, would enhance the existing Hawaii Opportunity Program in Education, which was proposed by the Governor of Hawaii and established by our Legislature in 1990. The whole program will be funded by an endowment to be created over a 10-year period from university tuition revenues set aside for its purpose.

Proceeds from the endowment will be used to fund scholarships from financially needy students first identified in the 3rd grade. We recommend Congress give serious thought to providing Federal financial support, including tax incentives to encourage business partnerships in this area.

The University of Hawaii, with support of the State government, has already developed a relationship with Eugene Lang's "I Have A Dream Foundation," and is currently seeking support from private business. Therefore, the State of Hawaii will benefit from this revision.

And thank you to the committee for the opportunity to participate in your deliberations, and I would be pleased to respond to your questions.

[The prepared statement of Dr. Doris Ching follow:]

UNIVERSITY OF HAWAII
TESTIMONY PRESENTED BEFORE
HOUSE COMMITTEE ON EDUCATION AND LABOR
SUBCOMMITTEE ON POSTSECONDARY EDUCATION
July 1, 1991
Hilo, Hawaii

by
Dr. Doris Ching
Vice President for Student Affairs

COMMENTS ON REAUTHORIZATION OF THE HIGHER EDUCATION ACT

The Higher Education Act of 1965 was a legislative landmark that has given shape and direction to twenty-five years of federal support for postsecondary education. Periodic Congressional reauthorization of this Act has re-defined the scope of federal involvement in higher education and kept the Act responsive to the changing needs of postsecondary education institutions and the students they serve. I would like to thank the Congress' for its continuing support of the many federal programs authorized under the Act and would like to share with you some comments and suggestions relating to its current reauthorization. My comments will be limited to those parts of the Act that relate to programs and services that are a part of the University of Hawaii Office of Student Affairs.

TITLE I

POSTSECONDARY PROGRAMS FOR NONTRADITIONAL STUDENTS

The Manoa Campus, like campuses across the nation, has seen an increase in the number of "non-traditional" students enrolling in our baccalaureate programs. Almost 20% of our undergraduates are over age twenty-four. Approximately 9% are between the ages of thirty and fifty-nine. Many of these older students must balance their educational pursuits with other family and employment responsibilities. Like other colleges and universities we are experimenting with programs designed to address the unique needs of older students. In Hawaii, our problems are compounded by the fact of our island geography. Our degree granting campuses must also deliver courses and programs to "place-bound" adult students living on other islands. Our commitment to these students is evidenced by the fact that President Simone currently serves on the executive board of the Coalition for Adult and Part-Time Students (CAPS).

We recommend that Congress consider amending Title I to provide state incentive grants that could be used to facilitate state-level partnerships between business and postsecondary institutions. These partnerships would address the need for a highly educated workforce and the growing demand by non-traditional students for both degree and continuing education programs. In addition, we recommend that other existing programs authorized under the Higher Education Act be amended to address the needs of non-traditional students as appropriate. For example, federal financial aid programs should be responsive to the financial situations and course taking patterns of non-traditional students.

TITLE IV
STUDENT ASSISTANCE

Like many public institutions of higher education in the West, the University of Hawaii maintains an extremely low tuition structure.

In fact, our tuition is among the lowest in the nation. Just last year, **Money Magazine** listed the Manoa Campus as one of the best educational buys in the country. Our low tuition structure is a tangible symbol of Hawaii's commitment to accessible, high quality, public postsecondary education.

At the same time, Hawaii's cost of living is approximately 22% higher than the national average. In order to meet these costs, many Hawaii families have multiple wage earners. As a result, family income is often higher than the national average. In addition, escalating real estate costs have left many families with highly inflated home equity values.

In relation to eligibility for need-based student aid, this combination of low tuition and high cost of living translates into a low cost of attendance and an unrealistically high estimated family contribution. Consequently, many Hawaii families are excluded from participation in need-based student aid programs. We believe that federal need-based student aid programs must be recalibrated to address the financial realities of many American families who are house rich but cash poor.

New financial aid mechanisms to assist middle income students must be explored. It is important that viable alternatives for assisting middle income students be identified and implemented before shifting dollars from these students to support the more needy.

We are also alarmed by the increased complexity of need-based student aid programs. Application procedures and need analysis methodologies must be simplified so as to encourage needy students and their families to apply for aid. Congress may wish to establish automatic eligibility for certain categories of students (e.g., students or families receiving other forms of public assistance such as AFDC). Unnecessary administrative requirements must be reduced so that colleges and universities can manage these programs in a more efficient and effective manner. It is important to re-emphasize that federal student aid programs are most effective when they are grounded in a "partnership" between the government, postsecondary educational institutions, students and their families.

Specific comments and suggestions are detailed below.

Pell Grants

The Pell Grant Program is the major source of grant aid for our needy students. We recommend that this program be retained in its current form but that both the minimum and maximum award amounts be increased to reflect increases in the cost of attendance. In addition, we recommend that a single need analysis methodology be used for all need-based programs.

Supplemental Educational Opportunity Grants (SEOG)

The SEOG Program is an important source of grant aid for our neediest students. We recommend retaining this program in its current form. We do not support proposed matching fund requirements. Matching fund requirements should not be imposed at a time when institutions and states are struggling to balance their budgets.

State Student Incentive Grants (SSIG)

The SSIG Program symbolizes the financial aid partnership between state and federal governments and should be retained in its current form.

College Work Study Program (CWS)

The College Work Study Program provides an important source of self-help aid for our students and should be retained in its current form. Ideally, this program could be used to promote community service opportunities for our students by creating job partnerships between colleges and non-profit agencies. Therefore, we recommend an increase in the allowable amount of College Work-Study funds that may be used to support job location and development programs. We do not support proposed increases in the employer's wage share. Such increases should not be imposed at a time when colleges and universities are struggling to balance their budgets.

Perkins Loan Program

The Perkins Loan Program offers needy students access to low-interest educational loans and we recommend that this program be retained in its current form.

I would like to point out that as of May 31, 1991, the Manoa Campus default rate for this loan program was only 3.84%. We believe that we are doing a good job administering this program and that our students are responsible borrowers. Schools that provide good management of their student loan programs should not be subjected to increased regulation and monitoring, but rather should be rewarded.

Guaranteed Student Loan Program (GSL)

Guaranteed Student Loans are an important source of aid for less needy students. We recommend that this program be retained but that aggregate loan limits be increased to reflect increases in the cost of attendance. We are aware that this program has been the subject of recent scrutiny and we have no objection to the implementation of various default prevention measures as long as they do not place an unreasonable burden on colleges and universities.

I would like to point out that the most recent GSL cohort default rate for the Manoa Campus was only 4.5%. We believe that we are doing a good job administering our program responsibilities and that our students are responsible borrowers. Schools that provide good management of their student loan responsibilities should not be subjected to increased regulation and monitoring, but rather should be rewarded.

General Provisions

Increased federal regulation and monitoring of all student aid programs has severely taxed our administrative resources. Consequently, we recommend that Congress consider expanding the current administrative cost allowance. This action would help to reinvigorate the existing partnership between the federal government and our colleges and universities.

Special Programs for Students from Disadvantaged Backgrounds(TRIO)

TRIO is a network of highly successful programs that provide academic preparation, admissions counseling and retention services to low-income, first-generation college students. These programs have a twenty-five year history of providing effective services to students. The Manoa Campus has hosted an Upward Bound Program since 1965, and a Student Support Services Program since 1970. Additional programs are located at campuses throughout the University of Hawaii System.

We recommend that these programs be continued in their current form and that increased funding be provided so that additional students may be served. We do not support any proposal that would diffuse current commitments or dismantle a proven, successful, fiscally efficient network of programs by either altering the existing grant awarding criteria or experimenting with untried delivery models such as state block grants.

TITLE VIII

COOPERATIVE EDUCATION

Several years ago the University conducted a survey of our recent baccalaureate graduates. As part of that survey, we asked these graduates to suggest ways to improve the undergraduate education offered at the Manoa Campus. Students frequently replied that undergraduate education could be improved by providing more "real world experiences," such as internships.

Currently, cooperative education is our primary vehicle for offering real world employment experiences to our students. Students tell us that they benefit from this program because they gain professional work experience, earn wages that help to finance their education, build confidence and self-esteem, and apply classroom learning to real world situations, thereby enriching their education.

We recommend that Title VIII of the Act be retained and amended to expand funding opportunities in this area.

NEW INITIATIVES

Proposed Early Intervention Programs

The University would like to urge Congress to consider a proposal submitted by the State Higher Education Executive Officers(SHEEO) to amend section 415 of the Act by authorizing state incentive grants for the purpose of establishing or expanding early intervention programs designed to provide encouragement and support for needy and academically at-risk students beginning in the sixth grade.

Such incentive grants, if authorized, would enhance the existing Hawaii Opportunity Program in Education (HOPE), which was proposed by the Governor and established by our Legislature in 1990. The HOPE Program will be funded by an endowment to be created over a ten-year period from University tuition revenues set aside for this purpose. Proceeds from the endowment will be used to fund scholarships for financially needy students first identified in the third grade, with priority given to students from minority groups underrepresented in the University's student body. The University, in partnership with our state Department of Education, will provide advising and academic support services to these students throughout their elementary and secondary education.

We recommend that Congress give serious thought to providing federal financial support for early intervention programs, including tax incentives to encourage business partnerships in this area.

I wish to thank the Committee for the opportunity to participate in your deliberations and would be pleased to respond to any questions members may have.

Mrs. MINK. Thank you very much, Dr. Ching.

Dr. Dolly?

Mr. DOLLY. Madam Chairwoman, I am Dean of the College of Education, University of Hawaii.

The University of Hawaii proposes designing a Center for Educational Excellence to be located on the Manoa campus that will be a model of national interest as we attempt to address a multitude of education-related problems in the decade ahead.

The University of Hawaii is in a unique position, located in the Pacific, to create models of instruction and school intervention that address the needs of a multi-cultural population in a multi-cultural environment.

The State of Hawaii in a microcosm has all the Nation's educational problems. The schools in the State must address a wide range of immigrant children, many of whom do not speak English. The schools are also forced to address the needs of students coming from varying backgrounds, cultures and ethnic groups, all bringing their own linguistic and learning styles to the classroom.

The difficulty of adapting instruction in schools to this multi-cultural population is a constant, ongoing, changing situation. Every 5 years, a new wave of students with different backgrounds and needs force the schools to be in a constant state of adaptation trying to meet the needs of new students coming to the public school system.

Because of the size of Hawaii and the ability to access student information, due to the single statewide education system, it is a natural environment in which to study and develop appropriate instructional programs and techniques to address the needs of an emerging multi-cultural minority school population.

At the University of Hawaii, we have one of the finest curriculum centers in the world and a laboratory school engaged in a number of innovative instructional activities that could be better utilized by the public schools in Hawaii and schools throughout the Pacific if we had a more effective means to disseminate the information.

We propose having a facility in which Hawaii teachers and teachers from the Pacific can be trained. By having a central location where we can demonstrate to teachers in Hawaii and from around the world the finest and most innovative instruction, we hope to have a positive impact on the development of instructional techniques and materials that will be effective with the divergent multi-cultural populations in the public schools of the Pacific.

The center would also allow the University to more clearly focus in-service and research efforts in education on State and regional needs.

The State of Hawaii also offers a unique opportunity to look at the problems of delivering in-service programs and outreach services to rural populations. Being separated by an ocean, neighbor islands do not have direct access to resources on the Island of Oahu, where most of the university and technology-based resources are located.

The State and the University are looking at innovative ways of delivering programs to rural populations that are cost-effective but of high quality. The experiences of Hawaii in these areas can be of benefit to other regions in the United States where similar rural education problems exist, and the delivery of services must be based on a cost-effective model to reduce the total outlay of funds in improving the quality of rural education.

Hawaii is a natural environment in which to experiment in this area, and both the State and University have already made commitments to the development of programs to provide equal access to higher education among the State's citizens.

The University of Hawaii has a wide-ranging commitment to the improvement of public education, with a large number of ongoing projects and efforts. By having the center located on the Manoa campus, we will be able to more directly focus our efforts in addressing real issues and real needs of public education in a multicultural context.

Both the State of Hawaii and the University are committed to the improvement of public education, and this commitment has most recently been demonstrated by the Legislature appropriating $11 million towards the development of a Center for Educational Excellence on the Manoa campus.

To summarize, we see a Center for Educational Excellence addressing a wide-ranging set of needs identified in the State and region. The center will focus on a critical shortage of teachers which now exists in Hawaii, and will conduct research and look at the potential of alternative teacher education progress.

The center will focus on the development of outreach education programs for rural populations, and research and service efforts will focus on the development of culturally sensitive innovative models of instruction and related materials.

The center also hopes to work on developing models of collaboration among parents, teachers and students, helping them to adapt to the changing populations within the schools, increasing cultural diversity, combined with a desire for greater parental and local control of schools.

By having a center like this in Hawaii, we can provide data and information which will be a rich source not readily available in other areas and regions of the United States. Having this source of information and data will provide other schools in our Nation who face similar problems of changing demographics and the need to change instructional models to meet the needs of these students an opportunity to work with and develop materials with information and data already collected within the Center for Educational Excellence in the State of Hawaii.

Thank you for the opportunity to testify.

[The prepared statement of Dr. John P. Dolly follows:]

Testimony Presented Before the Committee on Education and Labor,
Subcommittee on Postsecondary Education
by
John P. Dolly, Dean, College of Education
University of Hawaii at Manoa
July 1, 1991

State of Hawaii Center for Educational Excellence

The University of Hawaii proposes designing a Center for Educational Excellence to be located on the Manoa campus that will be a model of national interest as we attempt to address a multitude of education related problems in the decade ahead. The University of Hawaii is in a unique position located in the Pacific to create models of instruction and school intervention that address the needs of a multicultural population in a multicultural environment.

The State of Hawaii in a microcosm has all the nation's educational problems. The schools in the State must address a wide range of immigrant children, many of whom do not speak English. The schools are also forced to address the needs of students coming from varying backgrounds, cultures, and ethnic groups, all bringing their own linguistic and learning styles to the classroom. The difficulty of adapting instruction in schools to this multicultural population is a constant ongoing changing situation. Every five years a new wave of students with different backgrounds and needs force the schools to be in a constant state of adaptation trying to meet the needs of new students coming to the public school system. Because of the size of Hawaii and the ability to access student information, due to the single statewide education system, it is a natural environment in which to study and develop appropriate instructional programs and techniques to address the needs of an emerging multicultural minority school population.

At the University of Hawaii we have one of the finest curriculum centers in the world and a laboratory school engaged in a number of innovative instructional activities that could be better utilized by the public schools in Hawaii and schools throughout the Pacific if we had a more effective means to disseminate the information. We propose having a facility in which Hawaii teachers and teachers from the Pacific can be trained. By having a central location where we can demonstrate to teachers in Hawaii and from around the world the finest and most innovative instruction, we hope to have a positive impact on the development of instructional techniques and materials that will be effective with the divergent multicultural populations in the public schools of the Pacific. The Center would also allow the University to more clearly focus inservice and research efforts in education on State and regional needs.

The State of Hawaii also offers a unique opportunity to look at the problems of delivering inservice programs and outreach services to rural populations. Being separated by an ocean, neighbor islands do not have direct access to resources on the island of Oahu where most of the University and technology-based resources are located. The State and the University are looking at innovative ways of delivering programs to rural populations that are cost-effective but of high quality. The experiences of Hawaii in these areas can be of benefit to other regions in the United States where similar rural education problems exist and the delivery of services must be based on a cost-effective model to reduce the total outlay of funds in improving the quality of rural education. Hawaii is a natural environment in which to experiment in this area, and both the State and University have already made commitments to the development of programs to provide equal access to higher education among the State's citizens.

The University of Hawaii has a wide ranging commitment to the improvement of public education with a large number of ongoing projects and efforts. By having the Center located on the Manoa campus, we will be able to more directly focus our efforts in addressing real issues and real needs of public education in a multicultural context. Both the State of Hawaii and the University are committed to the improvement of public education and this commitment has most recently been demonstrated by the legislature appropriating 11 million dollars towards the development of a Center for Educational Excellence on the Manoa campus.

To summarize, we see a Center for Educational Excellence addressing a wide ranging set of needs identified in the State and region. The Center will focus on a critical shortage of teachers which now exists in Hawaii, and will conduct research and look at the potential of alternative teacher education programs. The Center will focus on the development of outreach education programs for rural populations and research and service efforts will focus on the development of culturally sensitive innovative models of instruction and related materials. The Center also hopes to work on developing models of collaboration among parents, teachers, and students helping them to adapt to the changing populations within the schools increasing cultural diversity, combined with a desire for greater parental and local control of schools. By having a Center like this in Hawaii, we can provide data and information which will be a rich source not readily available in other areas and regions of the United States. Having this source of information and data will provide other schools in our nation who face similar problems of changing demographics and the need to change instructional models to meet the needs of these students an opportunity to work with and develop materials with information and data already collected within the Center for Educational Excellence in the State of Hawaii. In order to progress as quickly as possible in the development of the Center, the University of Hawaii will be seeking approximately 5 million dollars in federal funds to be combined with 11 million dollars already authorized and appropriated by the State of Hawaii in the development of a facility on the Manoa campus that we hope will become both a national and international center of educational excellence and innovation.

Mrs. MINK. Thank you very much.

Dr. Kormondy?

Mr. KORMONDY. Just a few words about the University of Hawaii at Hilo. Again, I would like to thank you personally, members of the committee, for gracing our campus. My testimony covers several points, but I would like to focus on the impact of the current Higher Education Act.

Among the many direct benefits to UHH from the current version of the Higher Education Act, I will direct attention to only three quite diverse programs. Under the Strengthening Institutions Program of Title III, UHH has received more than $500,000 over a 3-year period.

These funds enabled us to initiate a faculty development program, an outreach effort to the former U.S. Trust Territory of the Federated States of Micronesia, a program which enabled us to increase substantially the number of FSM students from 20 to nearly 150 today, and most importantly, to move into a comprehensive, computer-based student information system which is currently about 80 percent in place.

That system will facilitate all aspects of admissions, registration and records, financial aid and faculty advising; in the latter instance, faculty will be able to pull up on their computer screen the student's up-to-date record formatted in such a way as to quickly ascertain what courses must yet be fulfilled to meet graduation requirements.

Under the TRIO program of Title IV, Upward Bound now serves 50 economically disadvantaged high school students from the big island's eight public high schools. Since its inception here in 1980, 200 young people have been served by the program. Its success is evidenced by the fact that 98 percent of its students have enrolled in colleges here in Hawaii and at such mainland institutions as the University of Southern California and the University of Washington.

The third, and expected area is student financial aid, which falls under Title IV. We received $3.3 million this past fiscal year under this Title. This was coupled with institutional support of just under $3 million, largely in the form of tuition waivers, college work study matching and private scholarships.

The result is that the average package of aid, including Pell, tuition waivers, college work study and various loans and scholarships was $4,192. And, to underscore points to be made subsequently, 34 percent of full-time UHH students received financial aid.

Since most full-time students are in the Colleges of Agriculture and Arts and Sciences, the percentage of those students receiving financial aid rises to 50 percent. It has a very significant impact on this campus, as you can see.

A few suggestions and recommendations for the reauthorization act. Under Title III, continue to support, strengthen and make more equitable the various components of this program. Equity can be achieved by repealing the community college set-aside in Part A. Had this not been done 3 years ago by special legislative intervention, we would not have received the grant and accomplished what I described above.

I would also suggest allowing for greater flexibility in the use of Part B funds by permitting activities that are not specifically authorized, but contribute to the overall purposes of the program.

Under Title IV, increase the Pell Grant maximum to $4,000 and make it an entitlement program tied annually to the Consumer Price Index. It is common knowledge that this important program has been eroded by economic forces external to it over past years so that its current equivalent value is considerably below that originally intended.

Provide the authority for institutions to move funds among campus-based programs by permitting the transfer of up to 25 percent of Supplemental Equal Opportunity Grants, college work study and Perkins funds among the programs; this instead of the current limit of 15 percent.

Continue and expand the State Student Incentive Grants Program. As Vice President Ching has reported, the State of Hawaii has established HOPE, an intervention program beginning with potentially at-risk third-graders and is providing a yearly incrementing endowment to enable more of those youngsters to attend college 10 years later.

A new initiative under SSIG to match this kind of program here in Hawaii and in other States would provide a critical enhancement in the expansion of educational awareness and opportunities for a considerable segment of our Nation's population.

Fourth, and most important, without going into the many specifics that might be touched upon, let it suffice to note that the various loan programs require careful reconsideration to the end of increasing loan limits and other strategies, but most importantly, to redress the significant imbalance that has been increasing between loans and grants.

We are producing an ever-increasing number of more heavily indebted graduates of our higher education institutions that does not bode well for the economic vitality of our Nation.

Several comments under Title V have already been made. I will skip those.

Under Title VII, Part C, loans for academic facilities, and F, loans for housing and other facilities, ought to be combined into a single program which would support undergraduate and graduate academic facilities, housing and related support facilities.

These are all critical concerns. As an example, we opened a new 246-bed residence hall this past fall, and still had a waiting list of over 250 students. The State has been generous, but a matching opportunity would enable us, and other institutions, to more rapidly address this critical shortage.

Under Title IX, the expansion of graduate opportunities for underrepresented groups such as native Hawaiians and Filipinos strikes directly home here in Hawaii. Programs like the Ronald McNair program, to which we are again making application, directly impact an institution like UHH.

If there is one area in which we have need to and could indeed make a more significant contribution to minorities entering graduate study, it is an institution like this one, given its ethnic and racial make-up.

In conclusion, I again express our appreciation for holding your hearings at UHH and allowing us in Hawaii the opportunity to share with you our concerns and aspirations for the young people of this State.

You are most generous in providing 3 days to listen to Hawaii's various constituencies, and I hope your visit will be not only beneficial to the work of the committee, but a pleasurably memorable one as well.

[The prepared statement of Dr. Edward Kormondy follows:]

Statement

on the

REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

presented to the

SUBCOMMITTEE ON POSTSECONDARY EDUCATION

COMMITTEE ON EDUCATION AND LABOR

UNITED STATES HOUSE OF REPRESENTATIVES

July 1, 1991

at the

University of Hawaii-Hilo

by

Edward J. Kormondy

Chancellor, University of Hawaii-Hilo

Representative Mink and distinguished members of the Subcommittee on Postsecondary Education, the University of Hawaii-Hilo is honored and privileged to be the site of the hearings today on the reauthorization of the Higher Education Act of 1965. The topic is, of course, of very deep interest to all of us concerned with higher education, and we are all gratified by Chairman Ford's and the full Committee's intent to address the many issues involved in the reauthorization diligently, thoroughly and constructively.

My brief remarks will focus on four major points: 1) the nature and mission of the University of Hawaii-Hilo; 2) the impact of federal support on this University; 3) the impact of the current version of the Higher Education Act on this University; and 4) some suggestions and concerns to be considered in the reauthorization of the Act.

The University of Hawaii-Hilo

The University of Hawaii-Hilo (to be referred hereafter as UHH) is the State's primary residential campus dedicated to excellence in education by devoting the greatest amount of time and resources to the learning process and the attainment of measurable learning outcomes. Its focus is on liberal arts undergraduate education and a select group of professional programs currently at the undergraduate level and eventually with a select group of graduate programs both in cooperation with the University of

Hawaii-Manoa and independently. Its primary clientele is from the State of Hawaii and secondarily from Pacific Rim and Pacific Island nations and mainland U. S. It respects and supports cultural and educational differences among its students and serves as an important knowledge and skills resource center for the State of Hawaii and the Pacific region.

Its some 2500 students are approximately 60 percent female and 35 percent part-time with an average age of 28. Representative as it is of Hawaii in general and this island in particular, there is no majority race or ethnic student group: 32 percent are Caucasian, 18 percent Japanese, 19 percent Hawaiian, 9 percent Pilipino, and 3 percent Pacific Islanders. Eighty-six percent of the students come from this island (which is at the bottom of the socio-economic scale of the major Hawaii Islands), 9 percent from other parts of Hawaii, and the remainder from the mainland and elsewhere, including some 200 international students.

Among our salient programs are those which capitalize on the natural and cultural resources of Hawaii and this Island in particular; these include volcanology, marine sciences, astronomy, aquaculture, tropical agriculture, and Hawaiian Studies (the entire program uniquely being taught exclusively in Hawaiian) along with an array of across-the-board excellent programs in the liberal arts and other sciences. Our motto is, "Experience quality learning with aloha."

BEST COPY AVAILABLE

Federal Support of the University of Hawaii-Hilo

In addition to a state-funded budget of some $22 million, the total level of federal support in the current fiscal year is $ 6.8 million. Of this, $ 3.3 million derives from Title IV of the Higher Education Act in the form of student financial aid. The remainder, namely $3.5 million, supports a significant array of training and research programs (See Attachment A). Among these I would note: the Hawaii Small Business Development Center, which is housed here and has satellite centers on the other major "neighboring islands" including Oahu; the Minority Biomedical Research Support program, which is one of the longest running such programs in the U. S., testimony to its success rate in minority students continuing into postbaccalaureate study; and the Native Hawaiian Gifted and Talented Program, whose intent is to enlarge the concept of what it means to be talented and to rectify the disbalance between the substantial number of Native Hawaiian children and their small number in the State's gifted and talented public school programs.

Impact of the Current Higher Education Act

Among the many direct benefits to UHH from the current version of the Higher Education Act, I will direct attention to only three quite diverse programs. Under the Strengthening Institutions Program of Title III, UHH has received than a half million dollars over a three-year period. These funds enabled us to initiate a faculty development program, an outreach effort to the former U. S. Trust Territory of the Federated States of Micronesia (a program which enabled us to increase substantially the number of FSM students from 20 to nearly 150 today), and most importantly to move into a comprehensive, computer-based, student information system which is currently about 80 percent in place. When completed, the system will facilitate all aspects of admissions, registration and records, financial aid and faculty advising; in the latter instance, faculty will be able to pull up on their computer screen the student's up-to-date record formatted in such a way as to quickly ascertain what courses must yet be fulfilled to meet graduation requirements.

Under the TRIO program of Title IV, Upward Bound now serves 50 economically disadvantaged high school students from the Big Island's eight public high schools. Since its inception here in 1980, 200 young people have been served by the program. Its outstanding record of success is evidenced by the fact that 98 percent of its students have enrolled in colleges here in Hawaii and at such mainland institutions as the University of Southern California and the University of Washington.

The third, and expected, impact area is student financial aid which falls under Title IV. As noted above, UHH received $3.3 million this past fiscal year under this title. This was coupled with institutional support of just under $3 million, largely in the form of tuition waivers, College Work Study matching and private scholarships. The result is that the average package of aid, including Pell, tuition waivers, College Work Study and various loans and scholarships was $4,192. And, to underscore points to be made subsequently regarding suggested revisions in Title IV, the 34 percent of full-time UHH students received financial aid. Since most full-time students are in the Colleges of Agriculture and Arts and Sciences, the percentage of those students receiving financial aid rises to 50 percent!

SUGGESTIONS/RECOMMENDATIONS FOR THE REAUTHORIZATION ACT

Assuredly there will be some considerable overlap in what you will hear over the next three days; therefore, I will limit my suggestions to those of primary interest to UHH but which, from my knowledge of what has been brought to the Committee's attention, are shared widely within the higher education community.

Title III.

1. Continue to support, strengthen and make more equitable the various components of this program. Equity can be achieved by repealing the community college set-aside in Part A. Had this not been done three years ago by special legislative intervention, UHH would not have received the grant and accomplished what I described above.
2. Allow for greater flexibility in the use of Part B funds

by permitting activities that are not specifically authorized but contribute to the overall purposes of the program. Further, the Part B minimum grant should be changed from $350,000 to $500,000 to help equalize funding for smaller institutions.

Title IV

1. Increase the Pell Grant maximum to $4,000 and make it an entitlement program tied annually to the Consumer Price Index. It is common knowledge that this important program has been eroded by economic forces external to it over past years so that its current equivalent value is considerably below that originally intended.
2. Provide the authority for institutions to move funds among campus-based programs by permitting the transfer of up to 25 percent of Supplemental Equal Opportunity Grants, College Work Study and Perkins funds among the programs - this instead of the current limit of 15 percent. This should be tied with setting the institutional matching requirement to a uniform 25 percent rate for all three programs (against the current match of 10 percent for Perkins, 15 percent for SEOG, and 30 percent for CWS).
3. Continue and expand the State Student Incentive Grants (SSIG) program. The State of Hawaii has established HOPE, an intervention program beginning with potentially

at-risk third graders and is providing a yearly incrementing endowment to enable more of those youngsters to attend college ten years later. A new initiative under SSIG to match this kind of program here in Hawaii and in other states would provide a critical enhancement in the expansion of educational awareness and opportunities for a considerable segment of our nation's population.

4. Without going into the many specifics that might be touched upon, let it suffice to note that the various loan programs require careful reconsideration to the end of increasing loan limits and other strategies, but, most importantly, to redress the significant imbalance that has been increasing between loans and grants. We are producing an ever increasing number of more heavily indebted graduates of our higher education institutions that does not bode well for the economic vitality of our nation.

Title V

My colleague, Dean Dolley will have more to say on this title, but I wish to note several points.

1. Expand the Douglas scholarships under Part A through the addition of a Teacher Corps program to recruit minorities into teaching. The State of Hawaii, for example, is severely disbalanced in the racial/ethnic distribution of

its teachers and students. The Teacher Corps and other incentive programs can help correct this imbalance.

2. Include the proposed Hawkins Partnerships School for Professional Practice and Research program. Augustus Hawkins should be recognized by his congressional colleagues for his pioneering and persistent efforts to improve public education, and we in Hawaii would look forward to benefitting from such a program to enhance a new partnership initiative currently being pursued by the State's Board of Education and the University of Hawaii Board of Regents.

Title VII

1. Part C (Loans for Academic Facilities) and F (Loans for Housing and Other Facilities) ought to be combined into a single program which would support undergraduate and graduate academic facilities, housing and related support facilities. These are all critical concerns. As an example, we opened a new 246-bed residence hall this past fall and still had a waiting list of over 250 students. The State has been generous, but a matching opportunity would enable us, and other institutions, to more rapidly address this critical shortage.

Title IX

1. The expansion of graduate opportunities for

underrepresented groups such as Native Hawaiians and Pilipinos strikes directly home here in Hawaii. Programs like the Ronald McNair to which we are again making application directly impact an institution like UHH. If there is one area in which we have, have need to and could indeed make a more significant contribution to minorities entering graduate study, it is an institution like UHH given its ethnic and racial make-up.

Concluding Comment

Madame Chair and members of the Subcommittee, I again express our appreciation for holding your hearings at UHH and allowing us in Hawaii the opportunity to share with you our concerns and aspirations for the young people of this State. You are most generous in providing three days to listen to Hawaii's various constituencies, and I hope your visit will be not only beneficial to the work of the Committee but a pleasurably memorable one as well.

Aloha and Mahalo Nui Loa.

ATTACHMENT A

26-Jun-91

Federally Funded Projects

COMPLETION DATE	PROGRAM / PROJECT	PI	AMOUNT	REMARKS
21-Jul-90	Job Help Store	Kopecky	19,244	
21-Jul-90	PREP	Kopecky	19,675	
27-Aug-90	Atmospheric Research HARP	Koide	4,320	
31-Aug-90	Upward Bound	Anguay	205,996	1st of 3 yrs; total of 645,180
31-Aug-90	Special Svcs for Disadv Students	Makuakane-Lundin	137,252	3rd of 3 yrs; total of 407,733
31-Aug-90	Health Career Trng	Kopecky	56,694	3rd of 3 yrs; total of 170,592
31-Aug-90	Islamic Culture	Kirkendall	2,370	
29-Sep-90	Minority Honors Technology	Naughton	57,600	
30-Sep-90	Educ Economic Security Act-SSIP	Hwang	12,300	
30-Sep-90	Hawaiian Vocational Education	Rota/Manchano	81,468	
30-Sep-90	Legislative Education Group	Kirkendall	6,720	
30-Sep-90	Strengthening Institutions Prog	Toyama	156,333	3rd of 3 yrs; total of 536,064
31-Dec-90	Small Business Develpment Center	Nye	253,800	
31-Dec-90	Scanning Electron Microscope	Dudley	64,125	
31-Jan-91	Space Grant College	Meacox	44,947	
30-Apr-91	Choose Caring Choose Nursing	Kinney	142,026	1st of 3 yrs; total of 426,000
14-Jun-91	Minority Biomedical Research Spt	Scott	492,622	
30-Jun-91	Non-Credit Energy Tech	Kirkendall	4,000	
30-Jun-91	Car Inspection Diagnostic Clinic	Naughton	10,000	
30-Jun-91	Native Hawaiian Gifted & Talented	Sing	741,000	2nd of 3 yrs; total of 2,395,400
30-Jun-91	Job Training Partnership Act	Naughton	284,323	
30-Jun-91	Vocational Education	Naughton	302,139	
30-Jun-91	Acquisition of Expert Judgement	Hora	189,793	Extended to Sep 91
30-Jun-91	Computers in Science Education	Kho	6,000	Extended to Sep 91
30-Jun-91	Intrdisc Trng Hth Care Rural Areas	Sterling	3,600	Extended to Sep 91
30-Jun-91	Floriculture Research	Fujii	81,684	Extended to Sep 91
30-Jun-91	Shaping Nature: The Garden	Kirkendall	2,500	Continues to Dec 91
30-Jun-91	Space Grant - Na Pua Noeau	Hapai	13,936	Continues to Jan 92
30-Jun-91	Minority High Sch Student Research	Scott	30,000	Continues to Feb 92
			3,426,466	

Mrs. MINK. Thank you very much, Chancellor.

We will depart from the normal procedure we follow in the committee in Washington, where the Chair usually begins the opening assault of questions, and call on my two colleagues here to see if they have any questions they would like to ask of this panel.

Congressman Washington.

Mr. WASHINGTON. Thank you, Madam——

Mrs. MINK. You, like the others, will be limited to 5 minutes.

Mr. WASHINGTON. I promise 5 minutes will be more than enough time for me.

First, I would like to associate myself with the introductory remarks made by our distinguished Chair, and tell all of you on the panel and those in the audience, you are extremely well served, in my judgment, by having Congresswoman Mink in Congress. Not only is she acutely aware of the needs of her constituency, but I believe the constituency of all of us throughout America. I believe she believes in a Jeffersonian democracy. She not only attends to the needs of the people who elected her to Congress, but she is mindful and daily aware of the needs of the constituents in my district.

That is frankly why I am here, because I believe in Patsy Mink. I believe she has demonstrated that through the legislation she has introduced on the subject that brings us all here today. It was nothing for me to come here rather than for me to go to my district, because I think what is important here is important to my constituency. I applaud all of you for having the foresight for sending such a courageous person to the Congress of the United States.

I have just one question in my remaining 5 minutes.

Dr. Ching, I am engrossed by the notion of the early intervention program, and I am trying to find a hook or handle, if I can, through which you suggest under Section 415—and I would like to engage you on that—that the Federal Government may become a partner in a program such as yours, and if you would, should it be targeted to one specific program as a pilot program of sorts, or should we attempt to replicate what you have done perhaps in a few other areas of the country?

It is engrossly fascinating to think we could get a program model like that that would get into—as you might suspect since I represent inner-city Houston that we have a significant problem with young people staying motivated and staying in school. We lose so many to drop-outs. It is sad of every four children who enter the first grade in Houston, Texas, by the time that class graduates in high school, two of the four have dropped out along the way, for one reason or another, and one of the two that graduates graduates with less than what we would consider to be an adequate education for the high school level.

It seems to me from the outline of the proposal, realizing, of course, you were limited by the constraints of time, it seems to me you have an excellent program here. I was wondering if you could elaborate on it and suggest whether it could be replicated in another part of the Nation.

Ms. CHING. Thank you, Congressman Washington.

I think the program is so important I think it need not be just the one State developing a program and having that program replicated by others. It is so important it should be a collaborative effort so we could bring the best parts of all minds together to continue to develop a program.

We have just actually initiated it. We have, I think plans for—that draw on some of the best educational programs that we will—we know we can be successful, but we will admit they are not there yet.

And we know that there are various models across various States and ours is not—while it is not unique, it also has unique parts to it. So I would like to think we can all work together, Federal Government, State government, institutions in both public, higher and lower education.

Mr. **Washington**. If I may, do you think that given the constraints as you are certainly aware—although they shouldn't be there, in my judgment, we have to count pennies at the Federal level now because we have budget limitations, as you know, Dr. Ching. Will this be the kind of program, in your judgment, I could take back to my constituents and say I proudly voted for that and put some Federal dollars in it because it will yield benefits—I don't care if it is 5 years down the road.

A lot of times politicians have to respond to the exigencies of the moment. That is why we lose that vision we have sometimes, because our constituents want an immediate return. This program obviously does not yield an immediate return. One has to have faith in the ability of the program to deliver maybe, 5, 6, 10, 15 years down the road.

You are challenging people, as I understand the program, so they will—I think it was better than 90 percent, as I recall from your testimony, who ended up going to college. It seems to me that is the kind of money I would be willing to vote for. I want to see if you agree with that it is a long-term commitment to stay with those young people and at the end of the tunnel there will be some light and it won't be a train.

Ms. **Ching**. Absolutely.

Mr. **Washington**. Thank you, very much. Thank you Madam Chairwoman.

Mrs. **Mink**. Congressman Jefferson. Do you have a question or two?

Mr. **Jefferson**. Yes.

Madam Chair, it is my pleasure to be here as well, and if I might, I would like to adopt the remarks of our distinguished colleague from Texas, regarding your work in the Congress and your commitment to higher education issues and education issues in general.

I might say though, though I am new in the Congress in Washington, in the Congress, that I have so far learned that the time you spend praising the chair of the committee doesn't count against the time allotted.

This is a wonderful place to have a hearing, and though every time we spend time away from home it is a measure of sacrifice, this is the kind of sacrifice that we don't complain too much about making because we have had a wonderful reception by everyone we have had contact with in Hawaii.

Particularly last night, we had a great reception from your chancellor here who spent a considerable amount of time with us acquainting us with programs at your school and with the interest of—with the varying interests that exist in Hawaii that can be supported by a well designed Higher Education Act.

I might also say, Madam Chairwoman, as I begin, that sometimes people wonder why it is necessary to hold hearings all around the country. And the reason I suppose is found in the teachings of Oliver Wendell Holmes, Supreme Court Justice. In my former life, I was a lawyer. I now am a full-time public servant. But Oliver Wendell Holmes said that logic is not the law, experience is. The life of the law is not logic, it is experience. It is important for us to draw upon experiences that people are having in real life under the various enactments passed by the Congress. And while we all have the same goals at the time, and we all seek a stronger higher educational system, the way we go after it, the challenges we meet as we pursue that goal are quite different from university to university, and from State to State, and what we have to have is a program flexible enough in the end to bring every one under the umbrella of the opportunity the programs are supposed to be designed to achieve.

This is a very important learning experience for me, and I appreciate the opportunity the Chairwoman has given us.

I know none of that counts against my time because it was all praising the Chair and the State of Hawaii.

But in any event, I have a great deal of interest in the student aid programs that were talked about here. And I am going to start with Dr. Ching, as well.

There is talk about non-traditional students and when I read the press releases there was a great deal of discussion of the non-traditional student at the University of Hawaii and as I look through the testimony though, though there was discussion about it I didn't see any specific recommendations what you would like to see the Congress do to better address the needs of this emerging population.

Could you be specific about what you think needs to be done, particularly in the area of student financial aid to address the issues faced by so-called non-traditional students which the Chairwoman is making the point we are talking about new students who will become the traditional students of the future, and who are truly not non-traditional anymore.

Ms. CHING. Thank you, Congressman Jefferson. Before I begin my response I might add I know the financial aid officers will have a panel in just about another hour and probably could add to whatever I say here. There are several issues regarding our non-traditional students. One issue is many of them live at another island and therefore their commute to Manoa campus or Hilo campus may be excessive in terms of transportation back and forth because of families they are still maintaining on their home islands. Therefore some of their criteria for their qualifying for aid are not quite applicable.

Also some of them may own homes and because of the escalation of the value of homes in Hawaii may have such value counted against them in their qualification for grants and loans and therefore their benefits are diminished which we feel is quite unfair.

Because for them to have to give up their homes would mean they would encounter even higher costs in actually renting a home. Those are just two of the issues.

Mr. **Jefferson**. Dr. Kormondy, the new Secretary of Education has proposed what he calls a partnership. Although when I was studying law, a partnership was a deal between a willing body and a willing seller. You have two folks on either side both willing to make the deal. It is cast as a partnership anyhow. What it really is is a half and half deal on campus-based programs. I would like to know what the effect of that kind of partnership, if you will, proposal would have on your university and whether your State and university are prepared to deal with that partnership.

Mr. **Kormondy**. It would impose obviously a pretty significant challenge to us. And, again, I would defer to some of the details the financial aid officers probably can bring to your attention. We are truly a 50/50 match as against the current match.

That would be a pretty significant component for the State of Hawaii to conjure up. Whether we would be able to get that level of support, is a question I am not prepared to answer. The State has been very generous in providing campus matching funds in the way of tuition waivers, for example, and support for college work study. Whether in fact it can go as high as the true 50, 50 partnership remains to be seen.

I also suggest all partnerships are not necessarily 50/50, and some are more equal than others in that sense.

Mr. **Jefferson**. And I will just ask one other question. And this one to Senior Vice President Yuen.

You made a great deal of the focus of your testimony on international programs and you talked about the dramatic changes in the international world order that justify new approaches there.

I know you talked about scholarship programs aimed at students who would enroll in international programs and you talk about the level of support that is being received now. Have you looked at what your suggestion would be to revamp the approach that we take now on the Higher Education Act to focus more on introducing students to international studies and to redesign international program efforts?

Mr. **Yuen**. I am not familiar with the details. There is an area we feel is very important not only for Hawaii, but for the Nation. The future as we have to compete globally we need to know what the markets are. Therefore, our people need to be trained in learning what these markets are.

Mr. **Jefferson**. I don't have any further questions. Madam Chairwoman Mink, thank you very much. I have a few I would like to make and also ask Dr. Kormondy if he might submit to the committee the statistics at this point in the record that highlight the number of students we have in our system and how many are in the 4-year system and how many are in the two, and how many we have on each of the islands at our community colleges.

The number of students that receive Federal financial assistance, support. The number that are in work study. The number that are receiving guaranteed student loans and all the various criteria.

Also if we could get information with respect to another Federal financial assistance that is being received by the university and all the various program aspects of the system. I think that would be very informative for the record to have that information.

Madam Chairwoman, could I ask you to have submitted some estimate of what the effect would be if we went to this 50/50 campus. On the campus-based program I suspect there may be a requirement to increase tuition, and there may be many effects. I would like you to try to make some analysis, if you could, of going to the proposals made by the administration particularly on the campus-based financial program.

Mrs. MINK. If we could get that information including an analysis of the current situation and what it would be if you had to come under the 50/50 matching situation.

Mr. KORMONDY. We will have that information for you.

Mrs. MINK. Also, I think it is important for you in trying to portray the real perspective of our university system here to have information on the number of students we have in our system that come from outside the State. Irrespective whether they are now classified as residents for tuition purposes I think it is important to give the perspective of a national institution that draws for its enrollment throughout the whole country.

The extent we are able to meet the needs of our students on our university campuses we are in effect meeting the needs of the Nation, as well, because we draw upon such a diverse community.

The second aspect of the information I am seeking not for discussion now, but for the record, is the number of students that we have from the Pacific Rim area, because I think it is important also to give emphasis of our role as an institution here far beyond the borders of our State, but as Dr. Yuen indicated, our outreach throughout the Pacific and the importance of that outreach as one university that is attempting to make that a focal point of our educational responsibility. And so I think the Congress needs to know that in helping to redraft legislation which will enable us to do a better job, understanding it is not for the benefit of the State of Hawaii but for the benefit of the Nation that we have assumed this responsibility, and so Federal assistance is very critical in that area.

Having all of that information I think helps to put the kind of emphasis that I would like to see when we get down to the nitty-gritty in redrafting and reauthorizing this legislation.

The point that I find the most provocative in looking at the law and looking at the needs for rewriting it to meet the current needs of universities across the country is this point of the new traditional student. The students that 5 years ago we classified as non-traditional are now the majority of students on most campuses.

In order to provide substance to my thoughts in that direction, could you just comment for us on the enrollment on all of our campuses of students that are less than half time and what kinds of fields they are in, what their educational emphasis seems to be directed to and what special requirements they need and what stresses they put upon the institution in meeting their needs. And to what extent the students are currently not being served by our traditional campus.

Mr. **Kormondy**. A large order. I will try and ask my colleagues to supplement from their respective campuses. I would suggest the number of new traditional students, if you will, on this campus is probably in the neighborhood of 20 to 25 percent of our student body as a whole. That is a hard figure to get at. The average age of students on this campus is 28. At the University West Oahu the average age is 36. They are an older group of students.

What do they need? One of the major things many of us have found a student who has been out for a number of years, 10 or 15 years, perhaps raised a family or is desiring a career change or maybe never attended college, one of the things we find is that there is a feeling of lack of sufficient confidence, "Can I do it?" And so programs that have been designed to provide emotional support and building of self confidence are very critical. Then, the older student is often concerned with, "How will I mix with a group of younger people in the classroom?" I think what most of the faculty convey and what most of them convey after a period of time they are fully accepted as an integral part of the educational process and they bring to the classroom a kind of reality that the book learning doesn't provide. I am not sure Doris, what the approximate per age is at Manoa campus.

Ms. **Ching**. We believe it is 40—getting closer to 50 percent of our students would be new traditional.

Mrs. **Mink**. That is the figure that has been related to me by the Manoa campus. I am surprised to find out yours is much lower at 35.

Mr. **Kormondy**. We have a number of part-time students. That is 35 percent of our student body. Not all of our part-time would fall into the traditional category. I also know some of them have been here for a period of 5 or 6 years, working on a degree on a very limited basis.

Ms. **Ching**. I might add just a few things to that. I think some of the new or non-traditional students are also concerned about registration procedures, hours for registration and admission, hours at the library; hours that classes are offered. Many of them work part and full time and go to school part and full time. And classes and other kinds of services are really needed beyond the 7:30 to 5 o'clock hours.

Mrs. **Mink**. How are you able to accommodate those needs? That is the point that has been raised at most of our hearings.

All the talk about addressing the needs of the new traditional students, how many campuses have counseling, registration admission services open at night?

Ms. **Ching**. Three years ago we began an office for nontraditional students, and this office has been the liaison between the campus and the students; and this particular office is open until 8 p.m. on some evenings.

While we have negotiated some earlier times and perhaps on occasion longer hours, but on the whole, it has not been an easy thing given a lot of other factors in addressing these hours.

So we are——

Mrs. **Mink**. What do you need—what kind of support do you need to make those hours more rational in terms of the new traditional student such as late hours during the week and weekends?

Ms. CHING. On our campus, it would be not only—well, some financial support for the institution, because this means personnel have to be on the campus for longer periods of time, and they have to be compensated.

Also, facilities have to be open; costs for things like air conditioning.

Mrs. MINK. As I understand it, the financial aid programs have a certain percentage directed towards management and overhead and are part of the institutional support.

I am also advised the larger segment of that student financial aid is going to the less-than-half-time student, yet the overhead being given to the universities is not being directed towards their needs and opening hours in the week and on weekends.

And so it seems to me that the monies are being given to the universities because of the less-than-half-time students, and yet the needs of the less-than-half-time students have not been addressed with these extra monies.

And so in looking at fashioning this broadened legislation, we are trying to find ways in which we make sure that the overhead monies you receive that are directly proportional to the less-than-half-time students are, in fact, put into programs and address the needs of the less-than-half-time students.

And I think you can see the equity and justice of doing that because so many of the places that have provided us this information indicate that that is not happening with the overhead.

Mr. KORMONDY. You also asked about fields students are going into. There are probably some exceptions, but I think based on my knowledge, they are going into about everything we offer.

Many older students in the teacher education programs, grandmothers that are entering teacher education programs. I am not sure about engineering, Paul. That might be a tougher field.

I know there are students in the sciences, social sciences, broad array of humanities, business programs and the like. I don't see they are stymied, if you will accept perhaps in some areas that require a good deal of prerequisite background.

Engineering may be one of those.

Mrs. MINK. Thank you very much for your insights. I am sure that the Members of the Committee will benefit from a number of your suggestions and request for changes in the law.

All of that will be taken to the Committee, and staff will reflect it in the summaries presented to the Members.

Thank you very much for your participation.

Mr. KORMONDY. Notice the air conditioning is now working.

Mrs. MINK. The second panel—the commotion up here at the table was the news we just received that President Bush has selected Justice Clarence Thomas to replace Thurgood Marshall on the Supreme Court of the United States.

Justice Thomas is a member of the Circuit Court of Appeals.

My two colleagues are going to have something to say about that point this afternoon.

Now, Panel 2. We have Dr. Joyce Tsunoda and Mr. Peter Dyer and Agnes McPhetres. Welcome to this panel. You will be representing the community college system.

Dr. Tsunoda and Peter Dyer, the Windward Community College; and Agnes McPhetres, the Northern Marianas College.

We will have all of your statements that you have submitted inserted in the record, and we would ask you to summarize your comments. And if you could keep to the 5-minute rule, we would appreciate it.

Dr. Tsunoda?

STATEMENTS OF JOYCE S. TSUNODA, CHANCELLOR, COMMUNITY COLLEGES, UNIVERSITY OF HAWAII, HONOLULU, HAWAII; ACCOMPANIED BY R. SINIKKA HAYASAKA, PRESIDENT, UNIVERSITY OF HAWAII PROFESSIONAL ASSEMBLY; PETER DYER, PROVOST, WINWARD COMMUNITY COLLEGE, KANEOHE, HAWAII; AND AGNES McPHETRES, PRESIDENT, NORTHERN MARIANAS COLLEGE, SAIPAN, NORTHERN MARIANA ISLANDS

Ms. Tsunoda. Thank you very much, Representative Mink. And I do appreciate this opportunity to testify before your panel.

I wonder before we start, may I ask indulgence of the Chair and Committee if we could ask to join the panel—she has no formal testimony, a member of the teaching faculty of University of Hawaii Community Colleges. I am also proud to say is the current President of HPA, Dr. Sinikka Hayasaka.

Mrs. Mink. Thank you very much for coming to our hearing.

Ms. Tsunoda. I might need help in responding to some questions. I do appreciate, again, the opportunity to be here.

Representative Mink, you have always been an advocate of higher education. I would like to speak on behalf of the University of Hawaii Community Colleges, but also some of the comments I make will reflect the views of community colleges across the country.

I am an active member of the American Association of Community Junior Colleges. As presented to you by my colleagues from University of Hawaii-Hilo, I am very proud of the fact University of Hawaii-Hilo's seven community colleges, and also the eighth, the Employment Training Center, is an integral part of University of Hawaii-Hilo system.

I think University of Hawaii-Hilo is very unique for having one single system of public higher education, which includes the community colleges as an equal partner. Not the bottom rung type arrangement, but equal partner in providing educational opportunity and quality instruction to our Hawaii residents and others.

University of Hawaii-Hilo community colleges as a whole enroll nearly 24,000 students in our degree programs. And we have nearly 50,000 students who are—each year who are in noncredit short-term training education programs, which is just as important as our credit and degree programs in terms of serving the State needs.

I am proud of the open door concept of the community colleges because I think that is what makes the community colleges in America more than just a 2-year college.

Last month when I was making the presentation before the Japanese Junior College Association in Japan, I was asked a question, "Don't the American community colleges have placement tests, entrance exam?" My response was, yes, we do have entrance examination but the purpose of our test is not to shut students out but help students enter programs and courses.

And that is the difference between the traditional higher education institution and open-door community college.

As an institution committed to providing quality training and education, we also feel that we as an education institution cannot do the work all by ourselves, so we have over the years worked hard to develop effective and meaningful partnerships with our private sectors and with business and industry so we can help to diversify economy and create new opportunities for employment.

We also feel that community colleges should be viewed as a bridge, as a key element in a student's transition to employment and higher education.

And here in Hawaii, the community colleges have been working very, very closely with the State Department of Education in providing programs aimed at enhancing early childhood education and in assisting students, particularly those who are alienated from the traditional K through 12 system, traditional high school to enter the college through the open doors of the community college and to succeed in their higher education.

Also, there was some mention of Hawaii's role in Pacific and Asia and importance of international education for University of Hawaii-Hilo.

Because the community colleges in Hawaii serve the local people, because of that, focusing on international, intercultural education has become an integral part, not a luxury for our total educational program.

This is because most of our students are grassroot people in the American community, and it is important for nurses, auto mechanics, as well as lawyers and other professionals in the community to become aware of the cultural values and lifestyles of people outside of our own border.

In this section, I would like to summarize a few of the positions relative to the Higher Education Act that my colleagues and I in the EECJC nationally have advocated.

One, we recommend that you consider that the Higher Education Act promote establishment of a national network of employer college partnership of human resource and economic development, to provide relevant skill upgrading for all workers throughout their careers.

We believe it is important for us to form partnerships to increase the work force literacy and infuse instruction of the more state-of-the-art technology.

As parallel to this, we also advocate in the Higher Education Act an initiative in a pipeline articulation that is needed to raise sharply the flow and retention of transfer students, particularly ethnic minority students who pursue careers in teaching, science, engineering and public service.

And our National Council and Hawaii's community colleges also urge the establishment of the position of Assistant Secretary for Adult and Community College Education, which would enable the U.S. Education Department not only to better coordinate Federal programs with the work of community colleges but also to improve interagency cooperation and to strengthen educational partnerships involved in training with the employer community.

There are other recommendations I would like to quickly run through.

As others have stated, we advocate the reauthorization of a base allowance the same for all students in the Pell Grant.

We feel that having a uniform base will promote both access and persistence of ethnic minority and disadvantaged students who are foregoing college opportunities rather than to risk their futures on loans.

We also would like to encourage anything possible to help simplify the delivery of these Pell Grants and other financial aids.

I think both the Education Department, as well as the colleges, are choking on excess processing and reporting burdens and the paperwork that defeat the intent and purpose of these financial aid programs.

Also, we urge that the Pell Grant eligibility be maintained for less than half-time students. You inquired about the percentage of part-time students in the community colleges, including here in Hawaii. Over 60 percent of our students are part time.

It takes an average student at least 3 years. Some of them 4, 5 years to complete their 2-year associate program. It is not because they are stupid or lazy, it is because they are part-time. They work full time. Many of the full-time students work full time, and it is unfair to exclude them from these eligibility.

I also strongly support the continuation of the TRIO program. Mr. Dyer will speak about that.

I already mentioned the articulation issue.

We would like also to encourage the Education Department and the National Science Foundation to provide stronger coordination and to provide grants and scholarships for students and faculty to enable their development of curriculum in science engineering and technology.

Then on the Strengthening Institutions program, Title II, we encourage the reauthorization of this title, and here I am going to go counter to the testimony presented by one of my colleagues.

We would like to encourage the maintenance of the Part A floor for the $51 million for community colleges enacted in the 1986 amendment.

And I think all of the other testimony—the points that I would like to raise are in my full testimony.

I would like to close with a statement attributed to President John F. Kennedy, which I think appropriately summarizes the mission of Hawaii's community college. He said not all of us have equal talents, but all of us should have equal opportunity to develop our talents, and that is what we are here for.

Thank you very much.

[The prepared statement of Joyce S. Tsunoda follows:]

TESTIMONY PRESENTED BEFORE THE
COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES

Office of the Chancellor
University of Hawaii Community Colleges
2327 Dole Street
Honolulu, Hawaii 96822

TESTIMONY PRESENTED BEFORE THE
COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES

July 1, 1991

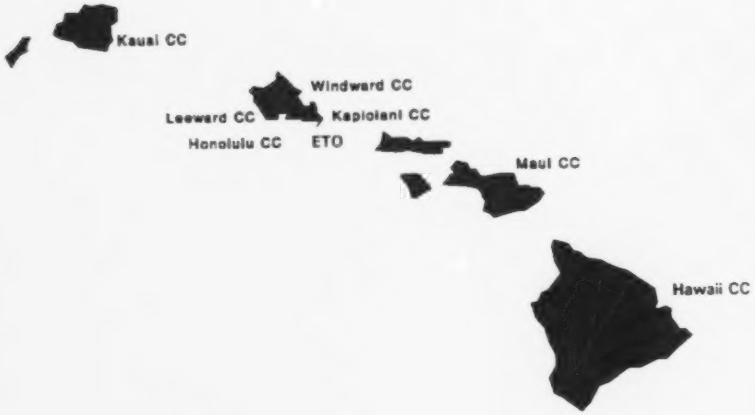
by
Joyce S. Tsunoda
Chancellor for the University of Hawaii Community Colleges

RELATING TO THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

Representative Mink and Members of the Committee:

I am here today to testify on the reauthorization of the Higher Education Act of 1965. Thank you for providing us with this opportunity to present issues for your consideration in this important legislation by scheduling a committee hearing in Hawaii.

The University of Hawaii has the unique distinction of being the single state system of public higher education which includes seven Community College campuses. The UHCC enrolls nearly 24,000 credit and 50,000 non-credit students through a network of sites strategically located throughout the state. The following map indicates the location of the established campus sites.



In addition to the campus sites identified on the map, the UHCC offers instruction and support services through the outreach centers on Molokai and Lanai, in Waianae on Oahu, in Hana on Maui, and in Kailua-Kona on Hawaii.

In 1990, the University of Hawaii Community Colleges established comprehensive goals and directions to guide the development of programs, services, and personnel over the next decade. The goals, actions, and targets were published by the Office of the Chancellor in the document *Expanding Horizons: A View toward the 21st Century*. These goals, detailed below, will serve as a guide in shaping the development and implementation of vocational and applied technology programs offered through the campuses during the scope of this planning period.

As the largest undergraduate unit of the University of Hawaii, the community colleges are vitally interested in a number of issues related to federal higher education legislation, particularly as they effect our priority directions. In my testimony I would like to highlight our perspective on a number of national issues related to community colleges and undergraduate education. Additionally, I would like to focus on an issue which directly effects higher education in Hawaii.

Meaningful Access for Hawaii's Residents

Ever since the first community colleges opened their doors in the early 1900's, the issue of access has played a major role in the development of these unique American institutions. Guided by the mission to extend the opportunities for higher education, community colleges have consistently provided open-door access to the adults in our communities, embracing those who have traditionally faced the greatest barriers in seeking meaningful employment or higher education.

That has been especially true here in Hawaii, where the traditional "minorities" make up a majority of our population. Hawaii's foreign-born population doubled between 1970 and 1980, and 15% of our working age population is functionally illiterate in English. The gap between the "haves" and the "have-nots" is also especially acute in Hawaii, where the extremely high cost of living makes it difficult just to survive on a per capita income which is less than 2% above the national average of $14,641. One of our challenges is to empower our working population with the skills and knowledge necessary to increase their earning potential, and thus improve their standard of living.

Access, however, is not enough. We must go beyond the "open door" to the challenges of retention and achievement. We must establish a culture emphasizing the students' right to succeed and the students' responsibility for their own learning. We must also empower our students as lifelong learners, encouraging them to consider education as a never ending process and helping them in setting and achieving their educational objectives.

In assessing our educational accountability, the important determinant is whether or not the students have been successful in completing their educational goals. In some cases, that will be the attainment of a degree or transfer to a university; in many others, it may be learning something new about computers from a single course offered during a night class.

We in the University of Hawaii Community Colleges take accountability even further, however. We believe it includes both a re-emphasis on our commitment to our students, and a reaffirmation of the responsibilities of teachers and learners to our communities, our colleges, and ourselves.

A Major Partner in Hawaii's Economic Development

Economic predictions point to some major changes in Hawaii's work place in the next decade. In many cases, these changes will mirror those developments in the nation at large, though sometimes to a greater degree in Hawaii because of our cultural make-up.

The service industries, which already represent 91% of Hawaii's jobs, will continue to dominate the economy, with construction as the only other area expected to show an increase. Our working population will be increasingly composed of older employees, immigrants, and women.

Almost 60% of the State's infants and toddlers are in households where the single parent or both parents work, and almost 3/4 of school age children under 15 live in such households. Those figures are expected to grow. Thus, support programs such as on-campus child care services, are becoming increasingly important components of the total educational services provided by the Community Colleges.

Our challenge in the Community Colleges will be not only to provide the training and education necessary for tomorrow's workers, but also to develop partnerships with the public and private sectors aimed at diversifying our economy and creating new opportunities for employment in the 21st century.

Our goal is to develop an on-going dynamic relationship so that when public and private employers need new employees or training they will immediately think of the Community Colleges.

By further enhancing our capacity to serve the State in economic development, the Community Colleges will become a major incentive in attempts to attract new business to Hawaii.

A Strong Relationship With K-12 Schools

The Community Colleges should be viewed as a bridge, as a key element in a student's transition to employment or higher education.

A major element in that continuum is the link between elementary and secondary schools and the Community Colleges. In recent years, the Community Colleges have been working closely with the State Department of Education in developing programs aimed at enhancing early childhood education and in assisting students in their transition from high school to college or employment.

We must continue efforts to develop such relationships, and encourage those arrangements which promise to help students as they progress along the continuum of learning.

A Quality Educational Experience

For access to be truly meaningful, it must be access to quality education. Thanks to continued and coordinated efforts on the part of many, we have been able to provide the highest quality education and services in the State of Hawaii to our students and our communities.

Community College graduates can be found in virtually every corner of our State, from managing fine restaurants, to providing medical and legal assistance, to running businesses, to teaching in universities and colleges, to protecting our homes and families.

In order to continue our emphasis on providing a quality education, we must concentrate on all components of the learning environment. The Community Colleges now serve over 70% of the lower-division undergraduates in the University of Hawaii. By continuing our focus on access combined with quality, we will ensure that the Community Colleges remain the "college of choice" for Hawaii's future students.

A Quality Faculty and Staff

A quality educational experience must inevitably be based upon quality faculty and staff. To be truly effective, the teaching and learning process must rest on a secure platform built by the partnership of academic and support services. The quality of education we provide depends on the quality of ALL employees. All members of the college must contribute toward the quality of the students' total educational experience, must feel valued, and must be given an opportunity to grow.

Quality programs, faculty, and administrators likewise depend heavily on staff for the delivery and implementation of educational services. Without sufficient numbers of competent and enthusiastic support staff, many functions of our schools would simply grind to a halt. It is very important, therefore, that support staff be recognized and rewarded for their roles, individually and collectively, in accomplishing the mission of the Community Colleges.

As we attempt to recruit top quality faculty, staff, and administrators, we will face increasing competition from the private sector. Recognizing the major role our Community Colleges will play in developing our State's human resources and promoting development, we must press for the support we will need.

A Commitment to Enhancing Hawaii's Pacific/Asia Role

In the first week of December, 1988, hundreds of delegates from around the State met in Honolulu at the Governor's Congress on Hawaii's International Role. Each of the four task forces at the Congress emphasized the importance of education in realizing the State's objectives of adopting a strong leadership role in the region.

Similarly, the University of Hawaii Strategic Plan for 1985-1995 has identified the establishment of an international focus as one of the top five objectives for the University. Within the Community Colleges, international studies have come to be recognized as an integral part of a comprehensive education.

Especially in Hawaii, a meeting place between East and West, our students must be capable of living and working with a wide variety of people from a wide variety of cultures. This need for "intercultural literacy" is greatest among the students and potential of the community college students who are the grassroot-people" of any American community.

Telecommunications and technology are rapidly making our world more interdependent. To meet our responsibilities of preparing our students for the future, we must arm them with the necessary knowledge and skills to excel in the international arena.

We welcome this challenge. In addition to helping us reduce the tendency toward fragmentation in education and increase our common bonds, it also encourages us to expand our concept of community and service to those in need beyond our own shores.

NATIONAL ISSUES

The University of Hawaii Community Colleges are actively involved in a number of national organizations which have developed policy positions on the reauthorization of the Higher Education Act. In this section I would like to summarize those portions of the position established by the Association of Community College Trustees (ACCT) and the American Association of Community and Junior Colleges (AACJC) which I believe should be a priority in the new legislation.

The national interest will be best served if reauthorization targets those areas where higher education can do the most to strengthen human resource development and American productivity. Community colleges see three priorities as paramount:

- To achieve a world-class workforce, education must both turn back the tides of adult and workplace illiteracy and satisfy the specific skill needs of the employer community.
- American research, technology, and science must be kept at the cutting edge, and technology transfer given strong emphasis and support.
- The teaching profession must be strengthened on every level, especially in mathematics, science and communications skills, and technological breakthroughs used to enhance both teaching practices and student assessment.

Without a better and more culturally diverse supply of classroom teachers on every level, the first two goals will be elusive, if not unattainable. A democratic society undervalues its teachers at its own peril; at the same time, educators and teachers should take the lead in changing the archaic school year and the misguided pecking order of academe. Good pre-school and elementary school teachers are easily as important to America's future as the most learned professors.

Recommended Priorities

- Titles I and XI should be replaced by a national network of employer-college partnerships for human resource and economic development, to provide "relevant skill upgrading for all workers throughout their careers," to increase workforce literacy, and to infuse instruction with more state-of-the-art technology.
- A parallel initiative in "pipeline" articulation is needed to raise sharply the flow and retention of transfer students, particularly ethnic minority students who pursue careers in teaching, science, engineering and public service.
- Establishment of the position of Assistant Secretary for Adult and Community College Education would enable the U.S. Education Department not only to better coordinate federal programs with the work of community, technical, and junior colleges, but also to improve inter-agency cooperation and strengthen the educational partnerships involved in training for the employer community.

Student Financial Assistance

The Pell Grant program has never received the recognition it deserves for advancing national competitiveness. It stands with the GI Bills and the tax code Section 127 (employee educational assistance) as federal policy's best generators to develop advanced workforce skills. Inspired in part by the success of the original GI Bill, the Pell Grant has done more by a wide margin than the four GI Bills combined to enable less-affluent Americans to gain the postsecondary education and training to become better workers and better citizens.

The AACJC-ACCT Joint Commission on Federal Relations has from its inception a decade ago urged Congress to make the Pell Grant an entitlement. It should be called the United States Pell Grant so that recipients understand its source.

AACJC and ACCT advocate for the reauthorization a base allowance that is the *same for all students*, starting at $2,500 the first year. The maximum grant should provide additional cost sensitivity of 25 cents per dollar, up to a first-year maximum grant of $4,000. The base allowance should be indexed for inflation, and should be increased dollar for dollar with increases in the cost sensitivity. The recommendation of a uniform base will promote both access and persistence. Studies indicate that increasing numbers of ethnic minority and disadvantaged students are foregoing college opportunities rather than risk their futures on loans.

Simplified Delivery

The most urgent need in Title IV apart from grant and loan reform, is the simplification of aid delivery for both students and institutions. Countless potential students are turned away from college by the complicated forms and the daunting process. It is clear that both the Education

Department and the colleges are choking on excessive processing and reporting burdens that increasingly defeat the intent and success of the programs. These burdens are the largest cause of professional turnover in the ranks of community colleges' financial aid staff. ACCT and AACJC strongly recommend:

- The application form should be a single page and standard for all institutions and processors.
- A single methodology should be adopted for the calculation of aid awards.

Less-Than-Half-Time

Pell Grant eligibility should be maintained for less-than-half-time students. Working adults have become the majority students of higher education and their career needs are as important to the national interest as those of the so called traditional students. Community Colleges serve part-time students: 60% enrollment part-time; takes 3-4 years to earn 2-year associate degree (6 years to earn BA). Exclusion of less-than-half-time students from Pell Grants reduces the opportunities of displaced homemakers, single parents, and under-employed women and minorities to acquire marketable skills; those with full-time jobs on top of home and family responsibilities rarely have time for more than one college course at a time.

Ability-to-Benefit

The options for measuring ability-to-benefit (ATB) that were in force before the 1990 Budget Agreement imposed independent third party testing on all institutions receiving Title IV aid should be restored for degree-granting institutions. Federal requirements covering ATB should apply only to those schools whose ATB enrollment exceeds 10 percent of their regular student headcount.

TRIO Programs

Community colleges strongly support the TRIO programs (special programs for students from disadvantaged backgrounds), particularly those programs that serve ethnic minority students. With the growth of both community college enrollment and community college participation in TRIO, articulations should be added to the qualifying criteria: four-year institutions should no longer be eligible unless they have comprehensive articulation agreements in force with one or more two-year colleges. Such a provision would make TRIO more consistent with its own "upward bound" philosophy.

Articulation and Program Development: "Pipeline" Improvement

President Bush's budget references to the missing "pipeline" pinpoint one of the gravest impediments to American competitiveness, which is the inadequate curricular articulation in science and engineering education. Largely ignored through the years by both the Education Department and the National Science Foundation, this problem shortcircuits both the supply of highly trained scientists and teachers and the productivity of the workforce as a whole. In particular, many more ethnic minority students must be encouraged in these fields. The Bush budget's (FY'90) apt words on the "pipeline" are worth repeating:

> Even if the historic average holds, and 5 percent of 18-20 year olds obtain S & E degrees, the resulting shortfall in the S & E workforce could reach into the hundreds of thousands. Moreover, many students with an expressed interest in science and engineering careers leave the pipeline before getting a degree in science and engineering. This is particularly true for underrepresented minorities. Currently Black and Hispanic children constitute 25 percent of our school children; by the year 2000 this percentage will rise to 47 percent. Yet it is these groups that are now the most underrepresented in the S & E workforce....

The problem calls for strong and immediate cooperation between the Education Department and the National Science Foundation. Articulation grants should be made to high schools, community colleges, and four-year schools to form partnerships that enable their faculties in science, engineering and technology to build and maintain continuity in learning and the most efficient transfer tracks. The Education Department and NSF should also work with the Labor Department to provide additional grants that help such partnerships to answer the critical skill needs of employers.

The Minority Institutions Science Improvement Program (MISIP) could make a substantial contribution to "pipeline" improvement if its authorization were increased tenfold, allowing colleges with concentrations of Hispanic enrollment to become as much the focus of the program as the predominantly Black colleges. Likewise, the Fund for the Improvement of Postsecondary Education (FIPSE) should be reauthorized with a new focus, giving priority to initiatives and innovations that promote "pipeline" articulation and human resource development.

Assistant Secretary

To direct these initiatives, ACCT and AACJC ask Congress to provide an Assistant Secretary for Adult-Community College Education and Educational Partnerships. Even as community colleges have grown into higher education's largest sector, now enrolling six million students in credit and degree programs and another four million in non-credit continuing education programs, the Education Department has done little to employ administrators and specialists from community college backgrounds. A key role of this Assistant Secretary would be outreach to other federal agencies, to corporate and employer communities, and to other programs within ED that support education and training programs in order to maximize coordination and return on the taxpayer investment. An educational "pipeline" that delivers comprehensive human resource development cannot be achieved without such coordination among federal programs and the employer community.

Strengthening Institutions Program

The Strengthening Institutions program (Title III) has contributed more than any other HEA program to the advancement of institutional quality, notably in colleges serving larger enrollments of ethnic minority and economically disadvantaged students. Its importance has been consistently affirmed by Congress by higher funding than any other non-Title IV program. AACJC and ACCT strongly support the renewal of Title III. The Part A floor of $51 million for community colleges enacted in the 1986 Amendments was a reaction in part to Title III's neglect of two-year colleges in its early years and should be renewed. This Title should be renewed and *the wait-out period should be abolished.* It hurts the momentum gained from a successful Title 111 project in a college that deserves consideration for another grant. Special attention should be given toward strengthening the endowment section of this Title enabling colleges to leverage private dollars many times over.

Community colleges feel strongly that the endowment Challenge Grants should be expanded and open to all colleges that establish Title III eligibility. Confining such grants to those schools that currently receive Title III support is inconsistent with the basic intent of the program. Elimination of this restriction would widen considerably Title III's impact on institutional quality, by accelerating private contributions to endowments for the otherwise eligible Title III schools and federal investment.

The criteria given in the 1986 Amendments sharpened the focus and equity of Title III and should be retained. Authorizations for each Part should be increased, and regional and national consortia of needy schools should be made eligible. For rural and urban colleges, consortia could be especially effective in meeting some of their toughest problems.

ACCT and AACJC also propose that the Minority Institutions Science Improvement Program (MISIP) be added to Title III, with a ten-fold increase in its authorization.

Instructional Development

Instruction, access, networking, and articulation can all benefit from the rapid growth of communications technologies, as well as from technology transfer from both industry and governmental research and development. Business, industry, and state governments should be encouraged by federal incentives to help colleges form resource sharing networks, using state-of-the-art technology to increase access for working adults, enhance language and civic skills for the growing non-English speaking population, and raise both the quality and availability of technical and professional education. The most pressing needs are in curriculum development, instructional systems, library and information networks, technology transfer, simulated learning, and in-service training.

Higher education serves a highly mobile population, who prefer their instruction at the nearest delivery point. Competing demands make such students impatient to see instruction linked electronically to improve a variety of services, from library collections and counseling to course descriptions, transcripts, and the transfer of course credits.

Colleges generally lag in outreach to homebound learners, adults with full-time obligations to work or family, and students in rural areas and communities isolated from campuses. New technologies brighten the hope that these students can be better served through long distance learning. Federal incentives should encourage initiatives in these areas.

Innumerable advances in technology, accumulated from contract research, are being stockpiled by federal agencies rather than put to classroom and other productive use. The need for technology transfer, especially in instructional technology, is most acute in the Department of Defense (DOD). The reauthorization should sanction the broadest possible application of such advances.

International education

The rising national need for American expertise in languages, area studies, and other international fields--spurred by the President's quest for a new global order--call for the expansion of Title VI programs and a commitment to undergraduate teaching in these fields at least equal to the Title's current support of graduate studies.

Language barriers have become a formidable handicap to Americans and American interests both domestically and globally. Because community colleges are the doorway to higher learning for the majority of women and minorities, as well as immigrants and first generation citizens, and to cross-cultural understanding for enormously diverse adult student populations, the faculty of community colleges need much greater access to study abroad and to the international resource centers at domestic universities and the area resource centers abroad. In contrast to the graduate students who use such centers primarily for research, community college faculty would use them for instructional enrichment.

As presently written, Title VI provides only a 10 percent setaside for undergraduate education. Only 16 percent of this funding in FY 90, amounting to just 10 grants, went to community colleges--far out of proportion to community college potential for advancing language studies and international education. The Title VI authorization for undergraduate programs should equal the authorization for graduate work, if the nation is to excel in these fields.

Professional Development

Today's need for good teachers is the most acute the nation has faced. Only world-class teachers can produce worldclass schools. To replace retirees and staff new courses, the need in community colleges could exceed 500,000 new faculty by the year 2000. The accelerating demand for worker training and retraining could push credit enrollment in the community, technical, and junior colleges from the current six million to nine million students within the decade; an increase of 500,000 students is expected in the California community colleges alone. The demand for new teachers will be much greater still at the elementary/secondary levels.

Yet supply is but one facet of the teaching profession's multi-dimensional problem; changing demographics have heightened the need for cultural diversity and minority leadership in the classrooms and for the recruitment and retention of minority teachers, while global competition has elevated the importance of subject mastery. Looking at any or all of the National Governors Association's six goals for education, the indispensable ingredient is teacher excellence.

The Higher Education Act's support for professional development should be similarly multidimensional. Though community colleges are centered in classroom instruction and serve the majority of Americans starting college, they are poorly utilized as a source of new teachers and teacher development. Scholarships should be authorized for community college graduates, particularly minorities, who want careers in teaching. The professional "pipeline" in teaching could be strengthened by greater community college participation.

Title V should be redrawn to direct some of the dollar flow to community, technical, and junior colleges for purposes of in-service professional development activities. With an estimated one-half of the faculty and administrators leaving colleges during the decade of the 1990s, professional staff development moves beyond being a nice thing to do . . . to being absolutely essential.

HAWAII ISSUES

In addition to the national issues spelled out above, I believe that there is a special opportunity for the new legislation to play a significant role in responding to the special needs of Hawaii.

Native Hawaiian Education

In light of the historic low participation rate of Hawaiians and part-Hawaiians in higher education, and the recent history of Congressional efforts to focus resources towards addressing the health and social services needs of native Hawaiians, consideration should be given to to expanding those efforts to include programs and services within the purview of the Higher Education Act. Our experiences gained through the development and implementation of programs supported from the set-aside for native Hawaiians in the Carl Perkins Vocational Education Act of 1984 support our belief that resources focused through such set-aside programs do make a difference.

For many years, the native Hawaiian community has been concerned about the inability of significant numbers of native Hawaiians to participate fully in the social, cultural, and economic life of the State of Hawaii. Although native Hawaiians make up approximately 21% of the state population, they are disproportionately represented on a variety of socioeconomic indicators. Research indicates that native Hawaiians have the shortest life expectancy, lag behind the rest of the population in academic performance in school, are over-represented in less-skilled and unskilled occupations, are over-represented in the prison and welfare population, are under-represented in post-secondary education, and are under-represented in skilled, technical, and professional occupations. Reported to the U.S. Congress, these findings contributed to the passage of federal legislation which included native Hawaiians in the definition of "Native American" and increased appropriations for native Americans to allow participation by native Hawaiians. In early 1987, Alu Like, Inc., the native Hawaiian corporation designated by the Governor of the State of Hawaii to be the recipient of funds set-aside for native Hawaiian programs, and the U.S. Secretary of Education, met with representatives of the UHCC in order to design a program for the purpose of making each of the UHCC campuses more effective institutions for native Hawaiians.

In Fall, 1987 the Chancellor for Community Colleges convened the Native Hawaiian Community Colleges Advisory Council, comprised of faculty and staff from each campus and a similar number of representatives from the Hawaiian community from each campus area. This group reviewed existing campus services and programs and provided recommendations for the development of plans to increase the enrollment, the rate of retention, and the rate of graduation of native Hawaiian students, and for the development of a plan to assess the progress of the colleges in meeting those goals. The *Native Hawaiian Community Colleges Advisory Council Final Report* documented institutional and personal barriers that Hawaiian student face and provided the basis for the development of the NHEP. Through the process of campus visits, discussions with students, staff, and community members, a review of current literature, and data collection, seven features were identified as barriers to native Hawaiian student access and success: financial problems, personal problems, inadequate child care, absence of community networking, poor self-image, institutional inadequacies, and insufficient student assessment and monitoring. In order to respond to the issues identified, the UHCC have contracted with the native Hawaiian corporation to implement those institutional changes necessary to increase native Hawaiian student success. The NHEP was designed to include components for research institutional analysis, program design and delivery, evaluation, and institutionalization.

The NHEP addresses the specific issue of under-enrollment, low persistence, and low completion rate of native Hawaiian students in the UHCC. Historically, native Hawaiian students have been the lowest achieving group in education in Hawai'i. Countless reports and needs assessments over the past twenty years have documented the dire consequences of cultural alienation on the native Hawaiian people. Among these consequences has been educational failure. Native Hawaiian students, from about third grade in the public schools, begin to be over-represented in lower groups and under-represented in upper groups on national achievement tests. Native Hawaiians are highest in teenage pregnancy and highest school dropout rates. Relatively few native Hawaiian students attend post-secondary educational institutions. As recently as 1980, the percentage of native Hawaiian students in the University of Hawai'i system was only 4.3%, with only 1.9% at the four-year and graduate campus. The percentage of native Hawaiians holding a college-degree was only 8.7%.

The UHCC is committed to addressing the problem of under-representation, low persistence, and low completion rates of native Hawaiian students by focusing on the development of institutional programs and practices which will facilitate institutional effectiveness. Furthermore, the UHCC remain committed to addressing the needs of native Hawaiian students to enter and succeed in those occupational areas in which they are currently under-represented.

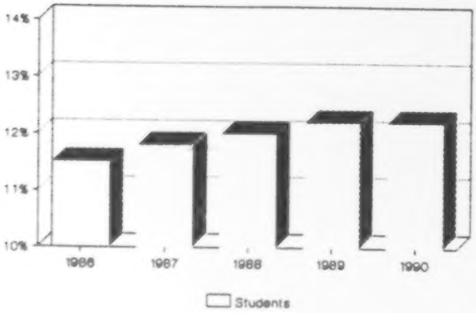
In addition, it is the commitment of the UHCC to institutionalize those programs and practices which prove successful in meeting the needs of native Hawaiian students and to develop additional programs and practices to serve native Hawaiian students even better.

The UHCC have identified the following as program goals:

- To continue to increase the enrollment of native Hawaiian students.
- To increase the number of native Hawaiian students persisting from one year to the next.
- To develop strategies to increase the number of native Hawaiian students completing programs with degrees or certificates.
- To institutionalize those positions, programs, and practices which foster the increased enrollment of native Hawaiian students.

The major immediate result of the NHEP has been the increased enrollment of native Hawaiian students in the UHCC in numbers and in percent of representation over the three years of the NHEP. From Fall, 1987 to Fall, 1990, the number of native Hawaiian students increased from 2,558 to 2,886. This represents an increase of 12.8% from 1987 to 1990, exceeding the original goal of 10%. The actual increases over the past three years, as the NHEP was established at additional campuses beyond the three original campuses and as the NHEP refined the procedures and activities undertaken and supported, were 0.1% from 1987 to 1988, 4.8% from 1988 to 1989, and 7.3% from 1989 to 1990. Finally, when the one campus which has not fully participated in the NHEP is excluded from the calculations, the increase in native Hawaiian students is 14.7% from 1987 to 1990.

Hawaiian Student Percentage



Several activities of the NHEP have demonstrated remarkable success. The NHEP has created Summer Bridge programs at four campuses. Over the past three years, more than 200 native Hawaiian students have been recruited for these programs. The subsequent enrollment and persistence through the following academic year has been over 80%. The baseline persistence rate for the UHCC is approximately 50%. There has been a increase in the retention of native Hawaiian students, as well as a slight increase in the completion and transfer rates.

Other accomplishments of the NHEP include the compilation of master lists of native Hawaiian students at each campus, creation and dissemination of information brochures detailing workshops, financial aid, and campus events, publication of scholarship and financial aid availability and assistance in application, development of workshops on study skills, exam preparation, etc., for native Hawaiian students, close association with native Hawaiian community agencies and organizations and with local high schools and higher education institutions to coordinate high school recruitment and college transfer, presentation of orientations to incoming native Hawaiian students, establishment of early intervention systems to assist native Hawaiian students experiencing academic difficulties, development of programs to sensitize faculty and staff to cultural differences and native Hawaiian issues, publication of articles of the NHEP in campus papers, local newspapers, and national journals, and presentation of project research and activities at local, state, and national conferences, creation of Native Hawaiian Student Retention Task Force at each campus, with transformation to campus-wide

Student Success Task Force, development of longitudinal Student Tracking System and program of training in institutional research for faculty and staff, sponsorship of state-wide conferences on issues of student success, and increased institutionalization of project activities.

I would like to close with a statement attributed to President John F. Kennedy which aptly summarizes the mission of the University of Hawaii Community Colleges.

> "Not all of us have equal talent, but all of us should have equal opportunity to develop that talent."

Thank you.

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Mrs. MINK. Mr. Dyer?

Mr. DYER. Thank you. I appreciate the opportunity to testify.

I have a couple of points I would like to bring up, most of which is contained in my written and submitted testimony.

Over the past 25 years, I have been involved in higher education as an administrator and teacher, as an employer of college work study students, as an individual who at one point in my career made awards for college work study programs and in recent years as campus administrator charged with maintaining and providing human resources to meet the various needs of our own campus employers.

Believing in the value of work as a very excellent way to balance one's efforts in college, having done it myself, I worked my way through, I appreciate very much the value and benefits one gains as an employee going to school. It helps especially with the academic rigors that come along.

The College Work program has basically served students well. But I think the program has one major disincentive, and it is growing, so I think it begins to limit its value and particularly at our lower cost—in our State low-cost, low-tuition institutions.

As probably you know, once a student has achieved a certain level of financial aid resources, including earnings from work, they can no longer work. For some of our students that means after 3 or 4 months on a college work study job, they can no longer work. That isn't to say they wouldn't like to work.

What has happened over the last several years is that less and less of our funds are being spent to help a person that might be eligible for work study. They want to work the entire year.

With the proposal as I understand it, the Federal Government would now have us fund 50 percent of a work study position essentially saying institution you pick up half and we will pick up half.

And within the need to find that money from some place which we heard earlier testimony about, I think it is reasonable to think about removing the cap on earnings students must face to encourage students to participate and to make it possible for employers to find employees available to work.

We both win if we both are working and employing. Right now, we are not at that point.

The problem for the institution, of course, is once we receive an employee who is under college work study and they reach their limit, we terminate them. We lose and the student loses.

I think if you can manage your own office trying to function, say, half way through the year, the counsel you have working for you is on a special grant and it dries up and you no longer have the resources and services, you can imagine what that does.

The same thing happens at a small college.

The second thing I would like to comment on is the value of the TRIO programs. I have often said that is probably the best spent Federal money anybody has ever decided to spend, at least at our campus.

The TRIO funds at our campus are used for special student services. Another campus is involved with Upward Bound program. I found over the years students participating in that program, and we have about 200 of them at our campus, continued to do better after a couple of years, tend more likely to graduate than even our, quote, regular traditional student, and tend to make something of themselves when they left the campus.

I am pleased to see at our own campus the regular funding increased every year. I have been especially pleased at the Congressional delegation interested in preserving that program.

I would say it is a job well done that you are doing in that area. We have many, many cases to support that when the time comes for questions.

[The prepared statement of Peter Dyer follows:]

Testimony Before the House Committee on Education and Labor

Relating to the Reauthorization of the Higher Education Act

by
Peter T. Dyer
Provost, Windward Community College
July 1, 1991

Thank you for the opportunity to provide testimony regarding reauthorization of the Higher Education Act. I intend to provide a perspective on only one item in the Act, which may otherwise go unnoticed among all of the information the committee may encounter.

Over the past 25 years of my career in higher education, I have been involved with the College Work-Study program in various capacities: as an employer of college work-study program students; as a financial aids officer making awards to students; and as a campus administrator, providing human resources to meet campus needs including the need for student employees. Believing in the value of work as a very excellent way to balance, and even relieve the pressures of academic responsibilities, on the whole I have observed the College Work-Study program as serving students and the institution well.

However, the program has one major disincentive, which has limited its value, and at lower cost community colleges, often causes students to turn down the opportunity to work at a College Work-Study funded job. The student must stop working, and cannot pursue another on-campus job, when the student has earned as much as his "financial need" permits. If that need is $1000, the student might easily earn that amount in four months, and then sit idle for the next four months. Since students usually want to work, they will turn down a College-Work Study job in order to work off-campus or attempt to find a State funded Student Assistant position, where "need" is not a factor in offering employment, and they can work the entire school year.

With the proposal that the Federal College Work-Study program be funded 50/50 (50% Federal and 50% Institution), I would also urge that this regulatory "cap" on student earnings be removed, such that students in the program may continue to work at rewarding on-campus jobs during the school year, without fear of losing those jobs simply because they have at some point during the school year, earned enough to meet the calculated "financial need." As the program now operates, a student employee must resign when wages exceed calculated financial need. Thus, a good employee must be terminated. Both the college and the student are the losers by such a policy, and this is especially so when students compete for jobs fully funded from non-federal sources which don't require "need" to qualify for employment.

Thank you for your consideration.

Mrs. MINK. Thank you very much.

Ms. McPhetres.

Ms. MCPHETRES. Thank you, Madam Chairwoman.

My name is Agnes Manglona McPhetres, and I am President of Northern Marianas College which is located on the island of Saipan in the Commonwealth of the Northern Mariana Islands. We don't have this high tech were I came from.

I am grateful to you, Mr. Chairman, and to the Members of your Committee for traveling all the way from Washington to give us an opportunity to meet with you. Your flight to Hilo has undoubtedly given you some idea of the vastness of the Pacific Ocean.

I say "some idea" because your long trip from Washington to Hilo is still only halfway to where our college is located in the island chain which forms part of the western boundary of the Pacific.

That is one of the characteristics of Northern Marianas College. We are remote, and isolated. If you think it is inconvenient to be five time zones away from Washington when you are here in Hawaii, consider our problem: we are 10 time zones west of Washington.

To reach a Washington Federal program officer at 4 p.m. on a Monday afternoon, we have to place a call at 6 a.m. on Tuesday morning.

But that's only part of our situation. Northern Marianas College is the only institution of higher education in the Commonwealth. It was established just 10 years ago.

Presently the college library is the only library in the Commonwealth. It serves not only college students but also students from the public and private school systems and the general public as well.

In 1983, the college consisted of a permanent staff of nine people, all housed in a small, two-room building on the edge of the Marianas High School campus on Saipan Island, with only 73 students. Classes were taught in the late afternoon and evening, using classrooms at the high school.

Then, in 1987, the Commonwealth opened a brand new hospital, and the old, weather-worn hospital (badly damaged by typhoon Kim in December 1987) was turned over to the college which became our present campus.

Funding was a real problem. Demands for scarce financial resources by all government departments to meet operating needs, critical infrastructure requirements to satisfy rapid growth and development and to meet the basic infrastructure necessities of a growing society such as elementary and secondary education, health care, and general welfare made it difficult if not impossible for the college to get assistance from the local government.

The college was faced with inadequate facilities, a need to renovate the old hospital into an educational institution and the cost of developing an emerging institution.

Ironically, the tragedy of typhoon Kim provided some of the first reconstruction and renovation funding. If you were to see our college today, you would be amazed at what we have accomplished with minimal resources.

It is impossible for the Committee to understand that much of what you would see in our facilities is directly a result of volunteer work by our faculty, students and their families.

But these well worn-out buildings won't last much longer. The ravages of time, termites and more typhoons have taken their toll. Classrooms, adequate library, and other permanent buildings designed for college use must be built soon to take care of the needs of an ever-increasing student population which last year numbered close to 2,000.

Mr. Chairman, the young people of the CNMI and their parents and those of our neighboring islands are excited about higher education.

Today, we have been unsuccessful in using the Title VII, Construction, Reconstruction and Renovation of Academic Facilities Act. As you know, the program is no longer a grant but a loan; and with limited resources, we are unable to repay the loan.

As I mentioned above, the value of our institution in a financial sense is greatly enhanced by "sweat equity." Unfortunately, this kind of value seldom equates to that required by Federal programs for matching funds or loan repayment.

Regarding Title VII, I strongly recommend that the Committee consider modifying this program as it pertains to the developing Pacific Islands. A grant program or a long-term deferred repayment loan program would be more helpful to us.

The tremendous growth of tourism since our Commonwealth became the newest member of the American political family has brought a rush of Asian and Pacific Island laborers to the Commonwealth to build hotels and other amenities needed to accommodate close to a half million tourists a year.

Our student body during this past year was made up of 10 different ethnic and linguistic groups in addition to the Chamorro and Carolinian students native to Saipan, and for all 12 of these ethnic groups, English is a foreign language.

Almost without exception, our students need special assistance with written and spoken English. Many also need special help with mathematics and science. And each year, our enrollments of these students climb.

We are aware of no precedents comparable to the unusual situations with which Northern Marianas College must contend.

The vast distance from the United States, the fact that the Commonwealth has only been self-governing since 1978, the fact that 97 percent of the student population speaks a native language other than English, the fact that the population has doubled in 10 years and the non-resident workers has increased from 3,000 to 23,000 in less than 10 years, the fact that the college is only 10 years old, that most students who enter the college are at least 7 to 8 years behind their mainland counterparts in English and math, and the fact that the college must deal with Federal laws and regulations governing higher education which take into account almost none of these conditions make the administration of our college a challenge, to say the least.

We are very appreciative of assistance received under programs such as Title II. The Strengthening Institution program has allowed our college to develop programs that meet the greatest needs of the CNMI as we identify them.

However, a 5-year program of assistance is simply not long enough. Understandably, most programs of the Federal Government are designed to meet the general needs of the typical American institutions or situation.

Unfortunately, institutions and the situation of the Pacific Islands do not conveniently fit in the typical framework. Thus a program such as Title II with its 5-year limitation may not fulfill the needs of our institutions on the islands. Consider this set of circumstances:

1. We support large numbers of non-traditional students diverse in age, cultural background and geographical isolation.
2. Ninety-seven percent of our students do not speak English.
3. Many of our institutions have existed for only a short period of time.
4. Most of us are still in a developmental stage and severely limited in financial resources.

Facing circumstances such as these, a 5-year program may not be enough. Therefore, I strongly recommend that this Committee consider the uniqueness of this situation and allow a second 5-year award period, although I know that is really a regulation, but I think this Committee could be able to look into that.

The CNMI appreciates the assistance we have received from the Territorial Teacher Assistance Program (TTTAP). This program has provided the public school system opportunities to upgrade their teaching staff from high school diploma holders to associate, baccalaureate and masters level in cooperation with Northern Marianas College and other outside institutions of higher education, such as University of Hawaii-Hilo.

While this program has assisted in staff development, it has not focused on training new teachers. As a result, the Public School System in the CNMI must recruit 25 percent of all its new teachers from outside the Commonwealth.

This past school year alone, this resulted in additional costs of almost $3 million for recruitment, housing and repatriation.

Since this program is extremely essential for the territories to continue upgrading the teachers who have not completed their associate or baccalaureate degrees, I am requesting this Committee to continue to provide the territories with this essential funding.

However, I recommend that the law reauthorizing funds for TTTAP be changed to direct the flow of funds to go through the institutions of higher education.

These institutions would then work with the school system in planning and implementing training for teachers of the islands.

To reemphasize my proposal, the institutions should be the direct recipients of the grant and should be empowered to develop and implement teacher training programs. This will enable each island territory to institutionalize teacher education relevant to the needs of the islands.

This will enable us to provide not only continuity and stability, but will provide in-service as well as pre-service training. This arrangement will enable us to reduce external dependency for qualified teachers and lessen the financial burden associated with bringing teachers to the islands.

In closing, Madam Chair, I want to thank all of you again for taking the time and trouble to come to the Pacific to hear from us and allowing me a minority among the minority to testify. As one who traveled from the western edge of the Pacific to be here, I want to assure you that it has been a pleasure meeting you halfway.

[The prepared statement of Agnes McPhetres follows:]

STATEMENT OF

AGNES M. McPHETRES

PRESIDENT OF NORTHERN MARIANAS COLLEGE

SUBMITTED TO THE

SUBCOMMITTEE ON POSTSECONDARY EDUCATION
HOUSE COMMITTEE ON EDUCATION AND LABOR

JULY 1, 1991

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

General Background Information

The Commonwealth of the Northern Mariana Islands consists of 14 single islands, one group of three islands (Maug), and several tiny islets, just over 6000 miles west of the California coast. From the southernmost island of Rota to the northernmost uninhabited island of Farallon de Pajaros (Uracas), the Northern Marianas chain extends some 450 miles, and runs generally in a north/south direction with the Pacific Ocean to the east and the Philippine Sea to the west. While the total land mass of all the islands is only about 182 square miles, the ocean area covers almost 200,000 square miles including the exclusive economic zone.

Most of the population of the Northern Mariana Islands is concentrated on the capital island of Saipan which has approximately 40,000 people including non-resident and alien laborers. To the north of Saipan lie eleven uninhabited islands, and from several of these rise active volcanoes. Tinian, which lies just four miles south of Saipan, has a population of 3,007, and Rota, which lies seventy-five miles south of Tinian, has a population of 2,338 including non-resident and alien laborers in both instances. Forty miles to the south of Rota lies the island of Guam which is geographically and ethnically part of the Mariana Islands, but is a distinct, unincorporated U.S. territory politically separate from the Commonwealth of the Northern Mariana Islands.

In 1980 the population of the Northern Mariana Islands was about 20,000 with indigenous people numbering approximately 14,000. In addition, about 25,000 tourists visited the islands that year. The public high schools on Rota and Saipan were not accredited, and a local college would not be established until the following year. The government was by far the largest employer in the islands, and the U.S. government provided it with 80% of all its funds. Most professional positions in the government were filled by non-indigenous people.

In those years there was little interest among the general populace in areas such as studying the history of the islands, addressing philosophically the relationship between the indigenous languages and English (the language of government), dealing with the problem of limited literature developed by and for indigenous people in their own languages, studying the numerous archaeological sites of ancient Chamorro and Carolinian habitation, or thinking critically about what it is that makes the local people and institutions of these islands unique.

By 1990 the population of the Commonwealth had grown to more than 43,000 with the indigenous population only 50% of that number. Over 400,000 tourists visited the islands in 1990. The local college had been established by law under its own Board of Regents, and was fully accredited by the Western Association of Schools and Colleges (WASC). The public high schools on Saipan, Tinian and Rota had likewise been accredited by WASC. Government work as a percentage of overall employment was less than 30%. The private sector was multilevel, diversified, and expanding. Local revenues now amount to more than 80% of the entire local government budget. Although many professional positions are still filled by people recruited from outside the Commonwealth, a significant number of local people are returning as doctors, lawyers, engineers, architects, educational administrators and the like. And this process will accelerate as more and more of the hundreds of local students who have left for training in the U.S. return to their home islands.

The census figures in 1990, when compared to those of 1980, indicate extraordinary changes in the makeup of the population of the Commonwealth over a ten year period. In 1980 there were only 2,866 nonresident workers in the entire Commonwealth. In 1990 this number had jumped to more than 21,000. In 1980 there were 16,780 indigenous (native) residents in the Northern Marianas. In 1990 this number had increased to only 23,258. In other words the composition of the Commonwealth has dropped from indigenous residents constituting 85% of the population in 1980 to only 50% just ten years later.

To put it another way, in 1980 ranking population by ethnic groups put Chamorros first, followed by Carolinians, U.S. born residents, and all others. In 1990 the ranking by population puts Filipinos first, followed in descending order by Chamorros, Koreans, Carolinians, Micronesians, and all others. In just ten years the indigenous population has dropped from being first and second in number to being second and fourth. This trend is expected to continue and even to accelerate. In fact, a study by the CNMI Criminal Justice Planning Agency in December 1990 indicates that local people comprise only 38% of the population.

This ethnic shift is also making its impact felt on the local school system. In 1982 Chamorros and Carolinians made up 76% of the student population. This was followed by Micronesians (8%), Filipinos (2.7%), Americans (2.3%), others (2.1%), Koreans (0.9%), Japanese (0.7%), and unknown (7.3%). Today native Chamorros and Carolinians make up 73% of the students (down from a high of 79% in 1984) followed by Micronesians (12%), Filipinos (7%), Koreans (4%), Americans (2%), and all others (3%). It is expected that the Filipino, Micronesian, and Korean student populations will increase even more dramatically over the next five years as the children of immigrants from these areas reach school age.

The implications of this ethnic shift are even more significant when one considers other demographic statistics. For example, among the indigenous population 44% of the people are aged 0 to 14 years, and more than 60% are aged 0 to 25 years old. The median age of the indigenous population is 17 years old. Compare that with the fact that only 7% of both sexes are aged 55 and over.

NORTHERN MARIANAS COLLEGE

Overall Situation

Northern Marianas College (NMC) is the only institution of higher education in the Commonwealth and is located on the island of Saipan, the capital of the Commonwealth. The College was established just ten years ago in May of 1981 by Executive Order of the first Governor, Carlos S. Camacho.

Practically 100% of the students at Northern Marianas College speak a mother tongue other than English. Besides the students indigenous to Saipan who speak Chamorro or Carolinian, other NMC students are native speakers of one of the following languages: Palauan, Yapese, Trukese, Ponapean, Kosraean, Marshallese, Tagalog (Philippines), Chinese, Japanese, or Korean.

In 1983 the enrollment at the College was 73 part-time students, and only one of those students spoke English as a first language. At the present writing (1991) the enrollment at the College is over 2,000 of which 423 attend the College full-time.

We are aware of no precedents comparable to the unusual situations with which Northern Marianas College must contend. The vast distance from the United States, the fact that the Commonwealth has only been self-governing since 1976, the fact that 97% of the student population speaks a native language other than English, the fact that the population is made up of Native American Pacific Islanders and others from the Pacific area and Asia, the fact that the College is only ten years old and is the only institution of higher education in the Commonwealth, the fact that the population of the Commonwealth has more than doubled in just ten years, the fact that most students who enter the College are at least seven years behind their mainland counterparts in English and math, and the fact that the College must deal with federal laws and regulations governing higher education which take into account almost none of these conditions make the administration of our College a challenge -- to say the least.

RECOMMENDATIONS

In light of the unique circumstances of the Commonwealth and of the College, we have carefully reviewed the Administration's legislative proposals for reauthorization of the Higher Education Act of 1965. Based upon this review we recommend the following.

TITLE I. POSTSECONDARY PROGRAMS FOR NONTRADITIONAL STUDENTS

Comment: There should be a program of assistance developed specifically for colleges, such as Northern Marianas College, that must deal with student populations which are almost 100% non-traditional.

TITLE III. INSTITUTIONAL AID

Part A. Strengthening Institutions

Comment: Colleges such as ours, which support large numbers of non-traditional students, and which have existed for a only a short period of time and are therefore still in a developmental stage, should be allowed a second 5 year development grant.

The strengthening institution program has allowed the College to plan and begin implementation of a nursing program, a Marianas/Pacific Studies program, and a secretarial science program. In addition the College was able to plan and begin implementation of a computer network linking together our admissions, financial aid and fiscal offices.

None of these projects could have been implemented without TITLE III support, and each is of great importance to the Commonwealth and therefore to the College. Currently 90% of all nurses in the public health system are recruited at great expense from outside the Commonwealth. Our nursing program, when fully implemented, will gradually reduce this dependence.

It is vital that a people know their own history and their relationship to other countries and cultures, especially as they enter into the modern world of nations. Prior to the Marianas/Pacific Studies program there was no organized study or curriculum development of the history of the Northern Mariana Islands and their relationship to other Pacific areas and other countries outside the Pacific. The goal of this Title III project is to fill that void.

Until the secretarial science program was initiated at Northern Marianas College under Title III there was no training available for secretaries beyond high school typing classes. As a result the best a high school graduate could expect was a beginning clerks position with correspondingly low pay. As a result of NMC's TITLE III secretarial training program, graduates are entering the job market as trained secretaries with on-the-job experience and with correspondingly higher salaries and benefits.

The problem is that in a young institution such as ours geographic isolation and a small population severely limit financial resources with the result that a five-year program of assistance is simply not long enough. And there are other programs equally important to the improvement of the Commonwealth that have yet to be implemented at the College.

Reauthorization legislation should recognize these facts and provide for an additional term of assistance in our kind of circumstances, e.g. where a college serves a large number of non-traditional students, where a majority of the students are of limited English proficiency, where the school is located in a remote or rural area, when the school has only been in existence for only a short period of time and is still in the process of developing, or a combination of these various factors.

Part C. Endowment Challenge Grants

Comment: This grant discriminates against small, two-year colleges in rural areas with large numbers of non-traditional students. Many of our students work full-time, or are parents and homemakers and can therefore attend classes only as part-time students. The formula for determining which institutions receive an endowment challenge is weighted heavily on full-time equivalency (FTE). Large numbers of part-time students significantly reduce FTE counts. In Colleges such as ours the FTE requirement should be waived, or the part-time numbers should be counted at 80% or 90% of FTE.

Part D. General Provisions

Comments: Two-year colleges which are rural and serve mostly non-traditional students should receive a set-aside to assist them in meeting the special needs of these students. The set-aside for institutions serving predominantly minority groups should not be removed. On the contrary, it should be expanded, especially for developing special services in language, mathematics and science for these students.

TITLE VII. CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

Comments: Small, rural, developing colleges have not been in a position to qualify for most of these programs in the past. These programs should be continued and even limited to certain colleges meeting criteria such as limited length of time in operation, unavailability of local funding for construction and renovation, large numbers of non-traditional students, etc.

Northern Marianas College, for example, occupies former hospital buildings which were built in the late 1950's of concrete block with metal roofs supported by wooden rafters. Unfortunately these materials do not hold up well in a tropical island climate beset by typhoons (north Pacific hurricanes) which reach velocities of 200 miles per hour. And the yearly swarming of flying termites has wreaked havoc on wooden rafters as well as interior walls.

Neither the College nor the local government has the resources to undertake the construction of permanent college facilities. During its ten year history the College faculty and administration have worked extremely hard on developing quality education programs to earn and keep accreditation. Now that we are accredited, our focus must turn to providing permanent buildings designed specifically for college use. TITLE VII programs are absolutely essential to achieving this goal.

TREATMENT OF TERRITORIES AND TERRITORIAL STUDENT ASSISTANCE

Comments: The Secretary should have the authority to waive any provision in this ACT which can be shown to be detrimental to the Territories. There should be set-asides for specific programs available to the Territories, such as MISIP, and there should be discretionary programs limited to the Territories.

General Comment: We support the consolidation of TRIO programs. However, the regulations should provide that in an area like the Commonwealth, where there is only one institution of higher education, the responsibility for carrying out these programs should rest with the College, and the funding associated with these consolidated programs should flow directly to the College for administration.

As the institution responsible under law for all higher education programs in the Commonwealth, Northern Marianas College has provided teacher education and training programs for local teachers since inception of the Territorial Teacher Training Assistance Program (TTTAP) some ten years ago. In light of the fact that ours is a young and growing institution, it would be genuinely beneficial to our work in teaching education if the College were the recipient of TTTAP funding.

In the past TTTAP funds have flowed to the Public School System (PSS) which then developed various training programs for their staff. In these efforts the College has worked as closely as possible with PSS. While the programs have assisted in staff development, they have not focused on training new teachers as a major goal. As a result, the Commonwealth must recruit approximately 25% of all public school teachers and staff from outside the Commonwealth. This past school year alone this resulted in additional costs to the government of close to $3,000,000.

The goal of improving the quality of teachers already in service has been achieved for the most part. However, reauthorization legislation should provide for TTTAP funds to flow to the College which would then work with the Public School System in planning and implementing a long-term, comprehensive teacher training program for new teachers. Without continued TTTAP support it will not be possible to implement such a program in the foreseeable future, and the Commonwealth will continue to spend millions of dollars recruiting teachers from outside the Commonwealth.

ADDENDUM

For several years now the chief executive officers and Board chairpersons of Pacific island colleges and universities have banded together for mutual help in an association called the Pacific Postsecondary Education Council (PPEC). Among the members of PPEC are my colleagues from the College of Micronesia which has branches in the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands.

As you know, the students from these areas were once again made eligible for student financial aid by the U.S. Congress. However, the College of Micronesia itself is no longer eligible for Higher Education Act funds.

I have been asked by the PPEC representatives from the College of Micronesia to request that this committee kindly consider reinstating the eligibility of the three branches of the College of Micronesia in the reauthorization of the Higher Education Act. I do so now with the genuine hope that their request may be granted.

Mrs. MINK. Thank you very much.

One of the purposes for us having our hearing is to make it possible for communities like yours to have a voice.

My colleagues have any questions of this panel?

Mr. WASHINGTON. Thank you, Madam Chairwoman, I have no questions.

Mr. JEFFERSON. No thank you.

Mrs. MINK. Thank you very much. We appreciate your testimony.

Ms. TSUNODA. I might be cheating a little, but I forgot to mention two things I would really call to your attention, although it is in my testimony.

Mr. JEFFERSON. Madam Chairwoman—did you talk much about the proposals that we might incorporate in the act to assist in retention and retainment of students?

You made the point that access is not enough. You talked about that?

Ms. TSUNODA. That was one point I thought maybe deserved a specific look. I want to call that to your attention.

There is a section in the Higher Education Act that supports professional development focus and in that area, we would like to encourage focusing on providing scholarships for community college graduates, particularly minorities who want careers in teaching.

There has been a lot of call for more teachers, better teachers in our education system, and yet I believe the community colleges are centered in classroom instruction and serving a large majority of Americans who start college.

The community colleges are poorly utilized as a possible pipeline for these future students, future teachers. If there can be, through the professional development program, scholarships to help students who go into teaching, I think that would be very helpful.

The other element was we talked about international education and promoting the knowledge of intercultural, international culture issues for our students.

Title VI of the Higher Education Act is focusing a great deal on support of graduate studies and not enough proportionate of undergraduate studies, including community college education.

And we would like to see Title VI authorization for undergraduate programs be equal to that for graduate work in order for us to achieve our goal in promoting international education.

Lastly, in the area of application of high technology to education, we understand that many, many technological advances have accumulated from contract research; and these have been stockpiled by Federal agencies rather than to be placed in classrooms and other productive use.

This is especially true in the Department of Defense, so we would like to encourage reauthorization should sanction the broadest possible use and application of these advances and knowledge.

Mr. JEFFERSON. Madam Chairwoman, may I ask one small thing?

Mrs. MINK. Yes, go ahead.

Mr. JEFFERSON. That is a good response. I want to ask a different question now just very briefly.

There have been complaints about the effect of proprietary schools, schools that grant licenses for very limited training periods and siphoning off money in competition with junior colleges and students taking up those avenues of opportunity as against the community college avenues.

Have you felt any pressure here from that sort of phenomenon, or has it been a problem?

And, if so, do you have any suggestions how we get after that?

Ms. **Tsunoda**. We have had some problems and some pressures. Not to a great extent like areas like California have. I think the solutions lie not necessarily with the Federal Government but with ourselves and our own accrediting institutions be more rigorous in the accrediting and sanctioning of the commercial use of educational purpose.

Mr. **Jefferson**. Thank you.

Mr. **Washington**. May I inquire?

Mrs. **Mink**. Yes.

Mr. **Washington**. Thank you, Madam Chairwoman.

Ms. McPhetres, there is a point you made. There is an ongoing consideration in the Congress to expand what started as a pilot program, I believe, at either Rutledge or Brown University, somewhere up in New Jersey on the East Coast.

The concept is—and it is addressed to the obvious need you expressed about teachers. You have to go out and recruit teachers.

This program—you may be familiar with it as is one of forgiveness of loans if the student has been directed in my area—my vision was not broad enough to understand the need that you would have, but as soon as you mentioned it, it came in to focus for me.

We have a problem with attracting teachers to the innercity schools, as you might imagine in a State like Texas or a city like Houston.

We also have concomital-type problem of getting teachers in the rural areas. Those are the least attractive areas in my part of the world in Texas.

I am very much in favor of this concept that is developing whereby young people—well, people who are willing to attend college and become teachers, if they will go into these, quote, targeted areas for a period of 3, 5 years or something like that, then during the period of that—elapse of that time, the obligation that they have for whatever financial obligations in the nature of loans—and unfortunately we see an increasing trend toward loans as opposed to grants and work study and other things which I think all of us would favor tilting back in the other direction, but parenthetically putting that aside, given the need—the obvious need for some students to be able to make loans in order to finance their college education, do you see any merit if you are not already included in that program if we could find ways of inclusion so you would be a, quote, targeted area?

Maybe use a threshold based upon some percentage of the underrepresentation of teachers in that area so you would automatically be triggered without regard to any other definition, that that would be helpful to you in getting teachers to come back to your area and teach if they—if their loans for their college education would be forgiven in the same ways they would for innercity and rural area persons in my area?

Ms. McPhetres. I think the public school systems are taking advantage of that, but they have not been advertising it.

I would go further, though, because we are the only higher education training institution to extend that to people who will be teaching in postsecondary education.

Probably this is where the committee should be looking into. I am not so sure they have been—those people who are teaching in community college or at the university have that privilege.

And that will certainly help. That will certainly help.

Mr. Washington. Thank you very much.

Thank you, Madam Chairwoman.

Mrs. Mink. I have one question, Dr. Tsunoda. You mentioned you disagreed with the prior panel with respect to the $52 million floor. Could you elaborate on that? Do you feel that floor is a safety net for community colleges?

Ms. Tsunoda. Yes, I definitely do. The Title III institutional development has been one of the main reasons why Hawaii's community colleges have been able to develop.

We have used the money for developing necessary programs such as student services, and many, many—among the 1,222 colleges there are many small colleges, inner-city, rural and so forth, who do not have the staff and institutional wherewithal to compete on an equal basis of some of the 4-year institutions to go after those grants.

That is the reason for which we have advocated the floor for set aside sake because of the need for equalizing the playing field.

I think that need still remains.

Mrs. Mink. Counsel tells me that more funds than the floor are currently allocated for this program, so perhaps some of the reasons for moving it is that Congress has allocated more money than the $51 million. Is that your understanding?

Ms. Tsunoda. I am not sure. David Iha from Kauai, who will be testifying tomorrow on Maui, is much more familiar with the recent developments.

Mrs. Mink. Thank you very much, members of the panel. I appreciate it very much.

We will move now to the next panel, Steve Miller from the student body of the University; and Myron Arakawa, College Admissions Counselor for one of our private high schools; and Ginger Hamilton from University Hawaii campus, Student Support System.

Again, for the panel members, we have your statements and all of it will be inserted in the record at this point.

We ask you to summarize your statements and try to keep your limit to the 5-minute rule.

Myron, we will call on you first. I understand Mr. Miller did not appear. He was our new traditional student who is enrolled less than full-time and working full-time. I guess he is working today.

So, Mr. Arakawa, welcome to the committee, and we will be pleased to have your testimony at this point.

STATEMENTS OF STEVE MILLER, ASSOCIATED STUDENTS OF UNIVERSITY OF HAWAII, HONOLULU, HAWAII; MYRON ARAKAWA, COLLEGE ADMISSIONS COUNSELOR, KAMEHAMEHA SCHOOL, HONOLULU, HAWAII; AND GINGER HAMILTON, STUDENT SUPPORT SERVICES PROGRAM, UNIVERSITY OF HAWAII OF HILO, HILO, HAWAII

Mr. ARAKAWA. Last week I was a tourist in Washington. When I came into this building with the air conditioner off, the humidity and heat reminded me of what Washington was like. I thought we might have done that to make you feel comfortable here.

Ms. Chairperson and Members of the Subcommittee on Postsecondary Education, I am Myron Arakawa, Secretary of the Hawaii Association of College Admission Counselors. I am also College Counselor at the Kamehameha Secondary School.

I am pleased to be here today on behalf of the National Association of College Admission Counselors and its local chapter, the Hawaii Association of College Admission Counselors, to speak in support of the Student Counseling and Assistance Network bill of 1991 or SCAN (H.R. 1524).

Also, Mrs. Chairperson, I would like to thank you and the entire Hawaii Congressional delegation for cosponsoring the SCAN bills in the House and Senate.

The purpose of the Student Counseling and Assistance Network bill is to establish programs to promote increased access to higher education through early intervention counseling and financial aid information.

The members of our association believe that the key to increasing postsecondary education pursuits among our young people is the establishment of early intervention programs that provide information and counseling and guidance services to intermediate school students and their families.

In Hawaii, our association tried to fill this need by adapting a national program, Parents and Counselors Together, and presenting a series of evening workshops for intermediate school students and their parents.

However, no matter how successful this and other similar programs are, they can reach only a small fraction of those who need such support. That is why we call for a Federal early intervention program.

In the secondary school years, students must have access to improved precollege guidance and counseling services to assist them as they explore and make decisions about postsecondary education opportunities.

I am fortunate to work at Kamehameha where our trustees and administration support a strong college counseling and guidance program.

I believe, however, that the real heroes in my profession are my colleagues in the public sector. They are committed to assisting students of varied abilities and aptitudes from a myriad of socioeconomic and ethnic backgrounds, often with little administrative or budgetary support.

I am always amazed at the dedication of counselors at Farrington, McKinley, and Roosevelt High Schools whose student/counselor ratio is over 400:1, especially when NACAC and the American Association of School Counselors recommends and strongly believes that an optimum, effective ratio is 100:1.

To address this concern, our association has initiated several programs to assist the counselors in the public schools. "Counselor Kokua," a mentoring program, matches a counselor new to the college/career guidance area with a more experienced counselor.

We also offer College Planning Workshops for Students and Parents on all of the major Hawaiian islands.

These programs are prepared and presented by association members—high school counselors and college officials who volunteer their spare time and energy.

Instead of such programs which need to rely on the dedication and commitment of sometimes "stressed out" and overextended volunteers, SCAN would provide a comprehensive, Federal program to train and update school and college admission counselors.

A major concern of our association, and one which the SCAN bill affects, is that far too many students, especially minorities and the economically disadvantaged, remain underserved in American education.

Locally, we find that although Native Hawaiians constitute about 20 percent of our adult population, they comprise only 9 percent of the total student enrollment in our State university system.

Furthermore, at the University of Hawaii at Manoa, Native Hawaiians represent about 5 percent of enrollees.

In terms of graduation rates, they constitute only about 3.5 percent of students who start as freshman and persist through to degree completion within a period of 6 years.

In 1984–86, the Kamehameha Schools/Bishop Estate Scholarship Program initiated a pilot Career Explorations program in ninth grade guidance classes in public schools on the Big Island of Hawaii.

We tried to get parents and students interested in postsecondary training and career planning by providing opportunities for them to review career interest inventory information, learn about college application and financial aid processes, and develop working partnerships and exchange of information with older students and selected working adults.

At the same time, we discovered a great deal about the range of perspectives among students in our multicultural society.

It was sobering for us to learn that only about 35 percent of Native Hawaiian ninth grade students aspired to complete 4 or more years of college. This contrasted with rates of 50 percent for Caucasian students and 46 percent and 76 percent for students of Filipino and Japanese ancestries, respectively.

Data from the University of Hawaii Institutional Research Office show that about one-third of the State's graduating seniors proceed in the fall to one of the 10 campuses in the statewide university system.

However, in schools that have the highest concentration of Native Hawaiian students, we find notably lower rates of immediate system entry.

For example, at Nanakuli High School, where about 65 percent of its students are of Native Hawaiian background, less than 15 percent of graduates proceed without interruption into a 2- or 4-year program in our State system.

A similar pattern can be seen at Waianae High School, where the Native Hawaiian population is about 40 percent of the student body.

In conclusion Ms. Chairperson, the members of the Hawaii Association of College Admission Counselors remain committed to providing quality counseling services to all students, including the underserved and underrepresented groups, as they make their postsecondary plans.

We often hear that not everyone is suited to a college education; that such students need to pursue a course of study that prepares them for the workplace. This is true. College is not an achievable or appropriate educational goal for all students.

However, the Hawaii Association firmly believes that all students should be educated and guided in a manner that includes postsecondary education as a viable option.

School counselors and college admission counselors need the programs, tools and training to reach our youth early enough to make a difference in their lives.

Students and parents deserve to have the best, most accurate and easily understood information about college admissions and financial aid programs that we can provide.

The Hawaii Association of College Admission Counselors believes that the provisions of the Student Counseling and Assistance Network bill go a long way toward providing these services.

In keeping with our multicultural milieu, I would like to paraphrase a Chinese philosopher: If your plan is for 1 year, plant rice; for 10 years, plant trees; for 100 years, educate people.

We ask you to join us in educating the people of our State and Nation by supporting the Student Counseling Assistance Network bill.

Thank you.

[The prepared statement of Myron Arakawa follows:]

Testimony of **Myron Arakawa**

Western Regional Assembly of the College Board:
Member of the Executive Council
Member of the Admissions and Guidance Committee

Hawaii Association of College Admission Counselors:
Secretary

Department Chairman, Counseling and Guidance
College Counselor:
The Kamehameha Schools
2601 Puna Street
Honolulu, Hawaii 96817

July 1991

BACKGROUND INFORMATION

MYRON S. ARAKAWA
College Counselor/Department Head, Kamehameha Secondary School, Honolulu, Hawaii.

Mr. Arakawa was raised in Waipahu, Oahu, graduated from Punahou School, received his bachelors degree in psychology from Lewis and Clark College in Oregon and a masters degree in education/counseling and guidance from the University of Hawaii at Manoa. He has been with the Kamehameha Secondary School since 1978, first as a grade level counselor, and for the past ten years as college counselor. This year, he also assumed the responsibilities as the counseling department head. Prior to his involvement with the Kamehameha Schools, he worked as a counselor at Kahuku Elementary and Sunset Beach Elementary School.

Mr. Arakawa is currently an elected official of the Executive Council and the Admissions and Guidance Committee of The College Board's Western Regional Assembly. He is also the secretary of the Hawaii Association of College Admission Counselors (HACAC), chaired the first annual HACAC State Conference in 1989, and was on the National Membership Advisory Committee of the National Association of College Admission Counselors (NACAC) in 1989-90.

Mr. Arakawa is married and has two daughters, ages 16 and 10.

Ms. Chairperson, I am Myron Arakawa, secretary of the Hawaii Association of College Admission Counselors. I am also College Counselor at the Kamehameha Secondary School, a school which serves Native Americans - - Native Hawaiians.

I am pleased to be here today to speak in support of the counseling components embodied in the Student Counseling and Assistance Network Act of 1991 or SCAN. The National Association of College Admission Counselors(NACAC) and its Hawaii chapter places the highest priority on this legislation because of the many students and families who will be helped by its provisions.

The National Association consists of over 5,000 counselors working in American education whose primary area of expertise is guiding students through the difficult and sometimes confusing transition from high school to postsecondary education. The Hawaii Association of College Admission Counselors(HACAC) has over 200 members who work at both the secondary school and college levels and can be found in public, private, and parochial institutions.

There are three truisms about student needs that I will cover in my testimony:

1. Students need strong precollege guidance and counseling and college admission counseling programs to assist in the various transitions that they will face in their schooling experiences.

2. Students need better and more accessible information about preparing for, choosing, and enrolling in postsecondary education.

3. Far too many students, especially minorities and the economically disadvantaged, remain underserved in American education. Locally, the Native Hawaiian, Filipino, and Samoan students are severely underrepresented in colleges and universities within the State.

Underlying these needs are the frustrations suffered by students, parents, and counselors alike as they try to formulate well-informed, quality decisions about postsecondary education.

NEED FOR EARLY INTERVENTION PROGRAMS

The members of our association believe that the federal financial aid system can provide incentives to find a way out of the poverty/welfare cycle for young Americans who are at-risk because of family circumstances beyond their control. We also think that working families of modest means can hope for a productive way of life for their children, because of the body of education programs that now exists. The key to this success lies with early intervention, which means providing information and counseling and guidance services to intermediate school students and their families.

There is a misconception that precollege counseling begins in the later part of the high school years. Certainly plans are solidified during the 11th and 12th grades, but exploring postsecondary educational/career options, planning appropriate high school course selections, and investigating financial aid resources must start at an earlier age. For instance, at Kamehameha, we offer Guidance Sections and Parent Workshops on college planning at the 7th and 8th grade levels. These sessions, especially the parent workshops, have been well attended and well received.

NACAC, with a grant from the Edna McConnell Clark Foundation, developed a program called Parents and Counselors Together or PACT, that is directed specifically at elementary and middle school populations and provides information to parents, and training for those who work with families and youth -- from counselors and principals to playground supervisors and case workers -- about the possibilities of postsecondary education. The Hawaii Association of College Admission Counselors adapted and localized components of the PACT program and initiated a series of evening focus group workshops for intermediate school students and their parents. I might add that these workshops were sponsored by a private Hawaii banking institution, and coordinated and staffed by volunteers from the Hawaii association.

No matter how successful this and similar programs are, however, they can reach only a small fraction of those who need such support. That is why we call for a federal early intervention program.

The federal program should include a component that collects information about existing programs and that makes the details available to communities that want to install or upgrade programs of their own.

It should also contain provisions to alert families to the "price tags" associated with each educational option, including the specifics of grant, loan, and scholarship programs that exist for qualified students.

Finally, it should contain a counselor training component. Counselors must receive better training, information, and resources to enable them to better serve the public.

STRENGTHENING COUNSELING IN THE SCHOOLS

Following the early school years, students must have access to improved precollege guidance and counseling and college admission counseling programs that assist students in the exploration and decision-making process. At this stage, students need specific information about the admissions process and financial aid programs, how they work, who is eligible, how to apply, and the timeliness for notification.

Many schools today do not place an emphasis on or even provide an adequate precollege guidance and counseling program. We know that most counselors want to make this a part of their offerings, but they lack time, resources, and formal training.

About 15 years ago, the counseling staff at Kamehameha recognized this was a program area concern that needed to be addressed. With the full support of administration, we reorganized and added staff positions, initiated mandatory 7-12th grade guidance classes with an age-appropriate curriculum, and provided funds and release time for staff development and counselor training. The results were dramatic. In 1978, 67% of the graduating class enrolled in a postsecondary educational institution. Four years later, 81% of the class of 1981 enrolled in a post-high school program. In the past ten years, that figure has held between 82% and 84%. In 1978, just over half of the senior class took a College Board Entrance Examination. In 1991, over 90% of our senior class voluntarily, but with strong counselor encouragement, took the Scholastic Aptitude Test (SAT) or the American College Test (ACT). Last year, 62% of the class of 1990 enrolled in a four-year college or university versus a figure of 44% for the class of 1978.

I do not believe that we have any brighter students at Kamehameha in 1991 than we had in 1978. I do feel, however, that our curriculum and expectations of our students have increased considerably, and our precollege counseling and guidance services went from somewhat adequate to exemplary within the past decade.

I am fortunate to work at Kamehameha where our trustees, our president and, our principal support a strong counseling and guidance program that attempts to address individual student needs. But the real heroes in my profession are my cohorts in the public sector. Their commitment to assist students of varied abilities and aptitudes from a myriad of socioeconomic and ethnic backgrounds, often with little administrative or budgetary support, is both inspiring and disheartening. I am always amazed at the dedication of counselors at Farrington, McKinley, and Roosevelt High Schools whose student/counselor ratio is about 450:1. (NACAC and the American Association of School Counselors recommends and strongly believes that an optimum effective ration is 100:1.)

Given what seems to be an overwhelming responsibility for counselors in our public schools, the Hawaii Association of College Admission Counselors has initiated several programs to assist its members. "Counselor Kokua" is a mentoring program where a new counselor to college/career counseling is matched up with an experienced veteran in the field. Our quarterly meetings focus on informational workshops like financial aid or changes in admissions procedures at local universities, rather than on association business matters. College

Planning Workshops for Students and Parents are offered at several Oahu sites and on the neighbor islands by our association members. This past April, HACAC and Kamehameha Schools cosponsored a two-day NACAC "Tools of the Trade" Institute for 60 counselors statewide. Two experienced and nationally recognized counselors from the mainland shared their mana'o in areas such as organizing a college night, preparing school transcripts and profiles, test preparation, how admission decisions are made, and helping students select a college. At our annual Spring conference, both local college officials and mainland college admissions deans from the University of California at Berekely, Santa Clara, Princeton, and Stanford University have presented workshop sessions. In addition, Kamehameha Schools has been the host site for the fall College Board and College Scholarship Service's workshop to update local counselors.

As you can see, there are a number of activities for counselor training and development. But for the most part, these are coordinated and conducted by professional associations like The College Board, HACAC, and the Pacific Association of Financial Aid Administrators. All of the HACAC programs are prepared and presented by **volunteers** -- high school counselors and college officials who donate their spare time and energy in hopes of improving and enhancing the profession, and thereby, having a positive impact on the lives of students and their families as they seek educational opportunities beyond high school. It would be wonderful to have a cohesive, federal program, as is provided in SCAN, to train and update school and college admission counselors, instead of solely relying on dedicated and committed, but sometimes "stressed out" and overextended counselor volunteers.

IMPROVED AND ACCESSIBLE INFORMATION

As students consider their options, they have the right to accessible, quality information about postsecondary education. But given recent trends and events, this information is becoming more difficult to acquire.

For example, until last year, the Education Department published a comprehensive and much-used handbook about federal student financial aid titled The Student Guide: Financial Aid from the U.S. Department of Education. This excellent publication was reduced from 82 pages to under 20 pages last year because of cutbacks at the department.

Rather than eliminating guidance resources, NACAC believes that the federal government should develop better quality, more complete resources and disseminate them to a wider audience. Such tools must include, but not be limited to, traditional print materials such as the Guide. They should encompass videotapes, audiotapes, software information programs, and others that employ contemporary technology for their dissemination. The Student Counseling and Assistance Network Act will address this concern.

The proposed legislation will establish a comprehensive data base system, containing financial aid sources, explanations of the various programs, who is eligible, how to apply, and admission information. This system would be available to schools, libraries, youth centers and elsewhere. In Hawaii, this system could be implemented fairly easily through Career Kokua, a computerized career guidance program with terminal sites at specified public schools and libraries throughout the state. In other words, a system and hardware components already exists locally. The provisions in SCAN would improve and extend the services and network accessibility to all interested students and their families.

THE UNDERSERVED AND UNDERREPRESENTED GROUP

At Kamehameha Schools/Bishop Estate, we have been assisting with the post-secondary scholarship needs of our graduates since 1961. In 1974, we broadened our service to the Native Hawaiian community by developing a scholarship program (Na Hookama A Pauahi) open to all Native Hawaiians in the State of Hawaii. Recently, we've added additional programs to serve non-Kamehameha graduates. At our selective Secondary School we can only serve a small percent of the graduating Native Hawaiian youth in any given year. Our other efforts are able to serve about 1,000 more students across a wide range of ages. Altogether we serve perhaps 10 to 15 percent of what we see as the needed effort. Clearly, we cannot do everything through our own efforts.

As persistent as we have tried to be, we find that we are still concerned about the post-secondary educational attainment of our people. Although Native Hawaiians have a proud history of early and pervasive literacy tracing to the efforts of early Missionaries, and our people graduate from high school at rates higher than the national average, at the post-secondary level we lag far behind where we aspire to be.

In 1980 national data showed that 10 percent of Native Hawaiian adults age 25 and over had completed four or more years of college. In the State of Hawaii only 8.3 percent had attained this educational plateau. We think we can do better, and we must do better if we are to assume an active role in shaping our society during the coming century.

Locally, in our state university system, we find that although Native Hawaiians constitute about 20 percent of our adult population, they comprise only 9 percent of the total student enrollment across all campuses. Furthermore, at our flagship, four-year, baccalaureate-granting campus in Manoa, Native Hawaiians represent about five percent of enrollees. Unfortunately, they constitute only about 3.5 percent of students who start as freshmen and persist through to degree completion within a period of six years from entry.

BEST COPY AVAILABLE

We are particularly interested in the prospect of early intervention. In 1984-86, we initiated a pilot Career Explorations program in ninth grade Guidance classes in public schools on the Big Island of Hawaii. We were attempting to get parents and students interested in planning ahead regarding post-secondary training and career opportunities. We included opportunities for students and parents to review career interest inventory information, to learn about college application and financial aid processes, and to develop working partnerships and exchange of information with older students and selected working adults. It was an interesting project, and our evaluation data suggest that we had some documented impact.

At the same time, we learned a great deal about the range of perspectives among students in our multicultural society. For us it was sobering to learn that only about 35 percent of Native Hawaiian ninth grade students aspired to complete four or more years of college. This contrasted with rates of 45 percent for Portuguese students, 46 percent for Filipino students, 50 percent for Caucasian students, and 76 percent for Japanese students.

Even more telling was the finding that after the four years of high school about half of the Native Hawaiians who had aspired to complete college had lowered their aspirations. This was not particularly unusual in our sample overall. However, with the Native Hawaiian group, comparatively fewer students who had less than college-level aspirations as ninth graders raised those aspirations during high school. The net effect was that, by Senior year, about 30 percent of the Native Hawaiian youth in our study aspired to complete four or more years of college study. This net decline in aspiration level was also found for Portuguese youth, but not for the other major ethnic groups in our Big Island schools.

Recently, we analyzed data from our Statewide university system which consists of seven community colleges, West Oahu College, the University of Hawaii at Hilo, and the University of Hawaii at Manoa. The University of Hawaii Institutional Research Office routinely prepares an analysis of our local "Going Rate"--the percentage of High School graduates from Hawaii High Schools that proceed immediately into programs at one of the 10 campuses of our state higher educational system. While this rate has been dropping Statewide during the past decade--and this trend is of some concern to educators locally at many levels--we find in the data some encouraging news---as well as indications of the magnitude of the task before us.

In brief, our college-level system presently expects about one-third of the state's total senior class to proceed immediately into a University of Hawaii program during the Fall after High School graduation. However, in looking at the schools that have the highest concentration of Native Hawaiian students, we find notably lower rates of immediate system entry.

For example, at Nanakuli High School, where about 65 percent of its students are of Native Hawaiian background, less than 15 percent of graduates proceed without interruption into a two- or four-year program in our State system. While it is possible that these students may be going to private schools or to the Mainland for college (and we have no data to refute this), the socioeconomics of the community and the educational achievement pattern at the school make this a highly unlikely scenario. A similar pattern can be seen at Waianae High School, where the Native Hawaiian population is about 40 percent of the student body, and at other schools as well.

The encouraging pattern that we see in the data concerns the 12 sites where our Federally-funded Talent Search program has been serving all students, not only Native Hawaiians, since 1985-1986. Specifically, looking at the UH system high school-to-college direct continuation rate for the Fall semesters of 1987 and 1989, 10 of 12 sites showed positive growth. That is, the percent of graduates proceeding directly into the UH system increased at least slightly, or in selected cases, markedly (Pahoa). Beyond this, the Waiakea site in Hilo showed only a slight decline that does not appear to be significant, and for the small program at Honokaa on the Big Island it appears that a comparatively small number of students created a marked decline in the percent rate for the period considered.

For us this is good news. The numbers are moving in the direction we feel is essential. But by no means is our goal near at hand. Our dream is that the noble history and traditions of our aboriginal forefathers will be adequately represented and preserved as our beloved homeland moves ever-so-rapidly toward the 21st Century. Education is critical to our dream. This is right. This is just. This is fair.

The Student Counseling and Assistance Network Act will not solve all of our concerns as Native Americans, and we know that we must expect to work diligently along with the new services and resources that this legislation will bring. We applaud your vision, and we welcome you to the task at hand.

CONCLUSION

In conclusion Ms. Chairperson, the members of the Hawaii Association of College Admission Counselors are committed to providing quality counseling services to students moving through the school to college transition. We often hear the argument that not everyone is suited to a college education; that such students need to pursue a course of study that prepares them for the workplace. This is undoubtedly true. College is not an achievable or appropriate educational goal for all students. However, HACAC firmly believes that all students should be educated and guided in a manner that includes postsecondary education as a viable option. In keeping with our multicultural milieu, I'd like to paraphrase a Chinese philosopher:

If your plan is for one year, plant rice.
For ten years, plant trees;
For a hundred years, educate people.

School counselors and college admission counselors need the programs, tools, and training to reach our youth early enough to make a difference in their lives. Students and parents deserve to have the best, most accurate and easily understood information about college admissions and financial aid programs that we can provide. The Hawaii Association of College Admission Counselors believes that the various provisions of the Student Counseling and Assistance Network Act go a long way toward providing these services. This Act will certainly help us educate people as we plan for a hundred years.

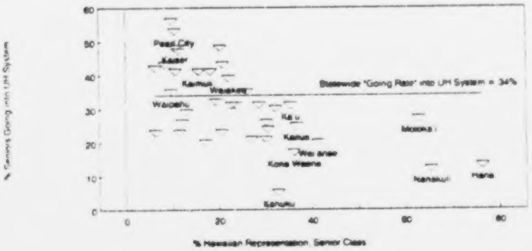
Rates of Immediate Entry of Graduating Seniors into the UH System, 1987 and 1989

District	High School	Average over 5 yrs 1983 - 1987 Graduating Seniors	Graduating Hawaiians	Percent Hawaiian	Rates of Immediate Entry into UH System Fall 1987	Fall 1989	Rate Change 1987 – 1989
Totals	N = 38	10 639	2 083	19.6%	33%	34%	+
Central	Radford	330	21	6.3%	26%	23%	– – –
Central	Moanalua	402	26	6.4%	46%	42%	– – – –
Central	Mililani	372	31	8.4%	39%	43%	+ + +
Honolulu	McKinley	552	53	9.7%	39%	43%	+ + +
Leeward	Waipahu	448	44	9.7%	26%	35%	+ + + + + + + + +
Honolulu	Kalani	275	27	9.9%	51%	56%	+ + + + +
Leeward	Pearl City	497	53	10.6%	53%	53%	
Honolulu	Kaiser	432	46	10.7%	43%	48%	+ + + + +
• Kaua'i	Kaua'i	196	21	10.7%	42%	41%	–
Central	'Aiea	377	43	11.5%	43%	47%	+ + +
Central	Leilehua	329	38	11.5%	30%	23%	– – – – – – –
Honolulu	Farrington	657	79	12.1%	25%	26%	+
• Maui	Lana'i	35	5	13.1%	29%	29%	
Honolulu	Kaimuki	357	56	15.7%	40%	41%	
Windward	Kalaheo	286	49	17.1%	26%	20%	– – – – – –
Honolulu	Roosevelt	355	65	18.3%	38%	41%	+ +
Leeward	Campbell	384	74	19.4%	23%	32%	+ + + + + + + + +
• Hawai'i	Laupahoehoe	23	5	20.4%	35%	48%	+ + + + + + + + + + + + +
Central	Waialua	182	37	20.6%	26%	23%	– – –
• Kaua'i	Waimea	221	46	21.0%	36%	43%	+ + + + + + +
• Hawai'i	Waiakea	322	71	22.1%	41%	39%	–
• Maui	Maui	318	72	22.8%	38%	31%	– – – – – – –
• Maui	Baldwin	325	77	23.6%	28%	31%	+ +
Windward	Castle	507	132	26.0%	35%	35%	
• Maui	Lahaina Luna	165	45	27.0%	26%	21%	– – – – –
• Hawai'i	Hilo	335	96	28.7%	29%	31%	+ +
• Hawai'i	Honoka'a	133	40	30.1%	36%	21%	– – – – – – – – – – – – – – –
• Kaua'i	Kapa'a	176	53	30.2%	38%	26%	– – – – – – – – – – – –
• Hawai'i	Kohala	60	18	30.5%	17%	24%	+ + + + + +
• Hawai'i	Pahoa	86	28	32.2%	19%	30%	+ + + + + + + + + + +
Windward	Kahuku	209	68	32.7%	10%	5%	– – – – –
• Hawai'i	Ka'u	58	20	35.4%	25%	31%	+ + + + + +
• Hawai'i	Kona Waena	295	107	36.2%	15%	17%	+ +
Windward	Kailua	341	125	36.7%	29%	25%	– – –
Leeward	Wai'anae	329	136	41.3%	17%	20%	+ + +
• Maui	Moloka'i	104	65	62.9%	16%	27%	+ + + + + + + + + + +
Leeward	Nanakuli	142	93	65.4%	9%	12%	+ + +
• Maui	Hana	22	17	76.4%	17%	13%	– – – –

Source Reports from Institutional Research Office, University of Hawaii (March, 1988, June, 1990)

Note ▭ = Federal Talent Search Program Participants

Scatter Plot: % Hawaiian Representation, Graduating Seniors and UH "Going Rate," 1989



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Mrs. **Mink**. Thank you very much, Myron.

Ms. Hamilton?

Ms. **Hamilton**. Aloha Congresswoman Mink and Congressman Jefferson of the Subcommittee, I appreciate this opportunity to offer testimony regarding the reauthorization of Special Programs for Students from Disadvantaged Backgrounds [Subpart 4 of Part A of Title IV of the Higher Education Act of 1965), which are also known as TRIO programs.

My name is Ginger Hamilton, and I am currently the Acting Director of the Student Support Services Program (SSSP) here at the University of Hawaii at Hilo (UHH), and these views are based on my experience.

I, myself, am an underrepresented ethnic minority and first generation college student like many of the students I work with.

The history of Hawaii TRIO programs is reflected of the profound impact these programs have had in this State since 1966, with the inception of the first Upward Bound Program at UH-Manoa.

There are currently 10 TRIO programs on three of the major islands in the State, serving over 3,000 students each year, for a total of about 25,000 standards overall.

The precollege and postsecondary programs network extremely well, providing comprehensive support in helping students in all phases of the college experience; preparation, enrollment, persistence and graduation.

Evidence shows that students who fall within the eligibility criteria of TRIO programs (low income, first generation, or physically handicapped) are also academically disadvantaged and need the support of successfully matriculate and graduate from college.

In this State, there is a large number of underrepresented ethnic minorities who meet these criteria. Hawaiians and Filipinos are among the most underrepresented groups in higher reduction and yet they are among the largest ethnic groups in the State.

TRIO programs target these students who are "at risk" and for the past 25 years has been very successful in increasing access and retention of this population.

Apparently the model works and what was initially three programs (Upward Bound, Talent Search and Student Support Services) has expanded to six programs (including Education Opportunity Centers, Ronald McNair Postbaccalaureate Achievement Programs and the Training Grants programs.)

Our country has recognized the need for establishing these programs, and the need is still present and pervasive.

For the reasons stated above with regards to the success of TRIO programs and the continued need at the national level, I am not in favor of the recommendations to restructure these programs and instead recommend that current procedures be continued with respect to the following issues;

1. Consolidating the Precollege Outreach Programs (UB, TS, and EOC) and reallocating them under State block grants.

2. Eliminating prior experience, from the process of awarding SSSP grants to institutions that have prior experience. The original intent authorizing prior experience was to give recognition and

merit to previous programs that carry out what they say they are going to do.

3. Requiring students with learning disabilities to also meet one of the other two criteria for eligibility (low income or first generation) while other students who meet the TRIO definition of physically handicapped would not be so required.

To increase the effectiveness and efficiency of these programs, I would like to further recommend lengthening the grant cycle for TRIO programs from 3 to 5 years.

I thank you for allowing me this opportunity to present my concerns about the future of programs for disadvantaged students in this State. I think later on in the afternoon we do have some students who will be testifying, also.

Mrs. MINK. Thank you very much.

As I understand your last three points, Ms. Hamilton, you are in opposition to these three points with regard to the State block grants, and the change of criteria on experience and requiring students with learning disabilities to meet the low-income criteria.

Ms. HAMILTON. That is right.

Mrs. MINK. Or the first generation which is not required for the other?

Ms. HAMILTON. That is right.

Mrs. MINK. Thank you very much.

Any questions, Congressman Jefferson?

Mr. JEFFERSON. I am glad you cleared it up.

Ms. HAMILTON. I did say I am not in favor of these recommendations. Sorry.

Mr. JEFFERSON. Okay. That eliminates the question about the block grant approach. We had discussions about that which basically contend every time a program is placed under the block grant—block grant authority—that we end up inevitably shortening the money for block grant as years come and go and eliminating the program because the money gets shorter. So I was wondering whether you meant that, but I see you don't. That clears up that particular area for me.

Mr. Arakawa, let me ask you a question. You talked about 15 percent of the native Hawaiian students are going to college, 2- or 4-year. How many are going to 4-year schools?

Mr. ARAKAWA. I am not sure. I would venture to guess that——

Mr. JEFFERSON. Would it be safe to say the majority are going to 2-year?

Mr. ARAKAWA. It would be safe to say that. Yes.

Mr. JEFFERSON. The 4-year schools are even more sorely lacking in participation by native Hawaiian students, you would say?

Mr. ARAKAWA. In terms of this State, I think there is a larger proportion of native Hawaiians at the 2-year schools than the 4-year institutions. Yes.

Mr. JEFFERSON. You are talking about a program that will provide an early intervention opportunity. That has been a common thread. How well are the provisions of the education—of higher education—what are you proposing specifically that we ought to do to amend the act to have it reach this concern?

Mr. ARAKAWA. My understanding is—it is not an act yet. It is a bill that——

Mrs. **Mink**. It is a current law, higher education.

Mr. **Jefferson**. I was not talking about—I think he is talking about the Student Counseling Assistance Act. I was not really talking about that so much as I was talking about the Higher Education Assistance Act. It may turn out the proposals you are discussing may be followed into this Higher Education Act as we move along.

Mr. **Arakawa**. I am not aware, but I don't think, and I haven't been exposed to programs that address the early years. And I think that as I do more and more in this job I find out that to be effective college counseling really starts as early as possible. And, hopefully, at the intermediate level—sixth, seventh, eighth grade, if not earlier.

Mr. **Jefferson**. You make a point not every student is suited for college, but you say students have to have the alternatives presented squarely to them so they will know where the options are.

If we were trying to fashion a program in Washington to address that concern that you have, what will we use to guide our approach to it? How would we identify the students who ultimately we want to target for direct help to move into a college environment? Or how do we make these decisions? How do we focus a program? What do we do to reach your concern here?

Mr. **Arakawa**. I think—the main concern is that the information—I think the premise is that especially for college students and Federal financial aid, a lot of the students and families that qualify for that kind of aid don't even realize that it is available or are confused about the process.

And so in answering your question I think I would first try to target that group that would most benefit and qualify for Federal financial aid programs. Possibly on income levels. The underserved. Certain minorities.

Mr. **Jefferson**. I am just curious about—this doesn't have much to do with the Higher Education Act, but you said in the survey you conducted 30 percent of the native Hawaiians, minority grade classification, aspire to even go to a 4-year college, whereas the percentage was much higher among the other students.

Was it because they thought they didn't have the opportunity to go, they didn't know how they would work it out or where the money would come from? Or was it for some other reason?

Mr. **Arakawa**. I think that is primarily true, what you stated. I also think that their sense of opportunities beyond high school may be limited. And that may be traditional. I am not sure, but it certainly doesn't address their lack of ability or aptitudes. They are certainly there.

And at my own school in 1978, only about 67 percent of our graduates went on to postsecondary institutions. When we instituted a very strong college counseling program, within 4 or 5 years that has jumped to 81 percent.

I think getting the information out and encouraging the students are the most important goals.

Ms. **Hamilton**. I would like to maybe add one more item that maybe contributes to the problem, and that could be the lack of role models. I think encouraging these students when they do go to college to enter into education I think also would be very helpful.

Mr. **Jefferson**. Thank you.

Mrs. **Mink**. Thank you very much.

Do you have any questions?

Mr. **Washington**. No questions.

I just want to add one thought. What about the availability—following up on Congressman Jefferson's question to both of you—do you think part of the reason that we need to emphasize postsecondary education more on one end would have to do with the availability of jobs once a person graduates? I mean, it is all well and good to go into the school and provide counseling and other opportunities to suggest to people—because we know fully well why they should get as much education as possible.

But in my experience it is kind of like talking to a brick wall sometimes because the answer that I get back is, well, that is nice and it sounds good, but if I invest 4 years of my life in postsecondary education and when I get out I will make the same or perhaps less money than I would have made had I gone straight to work with a less proficient job or one that requires less education, I am losing the benefit of those 4 years, Craig, and you can't really convince me why I should do that.

My question is, is that also an aspect of the problem here in Hawaii?

Ms. **Hamilton**. I think that is definitely a factor. I think especially we are seeing that on Maui Community College. Some respects here, especially in the tourism area where students from when they are in high school they are offered these jobs at good salaries, and I know with respect to the Upward Bound in Maui that a couple years ago they started to have difficulty recruiting students into their programs because of the need for jobs.

And I think students may not be looking really into the long term but the more immediate, present needs. And somehow we need to instill in them to look more into the future because those situations could be very temporary. And also because of the fact that a lot of them come from low income families. There is that need to help support the families, too.

Again, it is getting to the families and talking to them about the benefits of education.

Mr. **Washington**. Which then goes back to Congresswoman Mink's earlier point and one of the essential reasons we are having these hearings.

It seems to me the emphasis must be placed on the so-called nontraditional student because the more flexibility we allow the more we can go out and meet those needs. A person can go to work and work part-time. A person can get financial assistance through a work/study program. It is not an all or nothing proposition. And then they can attend to their personal needs, i.e., assisting with the financing of their family, whether it is their parents and other siblings or whether they started a family on their own, while at the same time getting the benefit of getting an education.

It seems to me when you build barriers that may have had some good purposes 10 years ago—I learned in law school when the reason for the rule ceases to exist the rule should not exist.

It seems to me we are at a point—and under the distinguished leadership of our chairperson for these hearings we need to embrace the concept of broadening the opportunity as you suggested because there are many other reasons why a person should get financial assistance and at the same time be able to assist themselves in part.

A lot of times we don't have enough housing. I read in some of the testimony they built a new 246 bed college dormitory and still had a waiting list of 250 more students.

It seems to me uniquely because of the situation here on the Islands, if you don't have enough housing for students, basically it is a disincentive for students to come to school. If they can't live in the community they need a job to be able to pay for that housing. It is kind of like a cycle. You meet yourself coming back.

Mr. **Arakawa**. I would just like to address your questions about if—not everybody would want to go and how do you convince a student when the short-terms gains—I think that is the choice sometimes that the student makes.

My point was that if he has got enough information to make the decision, that is what I think the concern is. Get that information to take them to that point where they can make the choice to go this way or another.

Mr. **Washington**. Thank you very much.

Mrs. **Mink**. I think where we are in terms of our country's history is that many students find it necessary to postpone the decision to go to additional schooling after high school and that phenomenon is registered by the fact that on almost all campuses the average age of the students is far beyond the mid-20s. It is in the late 20s.

As a consequence, I think while we look at high school statistics too often to measure where we are in a community, what we really need to understand is that there is a burgeoning development on campus where students initially after they finish high school decide they want to get a job and get out into the world. Very soon they begin to understand that a high school education is woefully inadequate especially if they have potential for more. They have this great appetite for continuing.

And that is where I think the Higher Education Act must be flexible in helping these students who out of their own initiative—not because of any kind of a program that we put into place after they finish high school—because of their own initiative decide to go back to college in the evenings or weekends to take additional credits and are stimulated to continue on to perhaps even getting a college degree.

It is those students that I think are the remarkable self-starters in our society that need support and why I am anxious to find ways to improve upon our higher education bill. I commend both of your statements that point us in that direction.

I have one question to ask Myron Arakawa. That has to do with the native Hawaiian emphasis you have in your testimony which, of course, is a very important area in this State, an area that we are continuing to try to emphasize in all phases of our State programs—in housing and health and education and all of these areas.

One of the things the Federal Government has done to provide extra funds to the Native Hawaiian Education Act, $6 million, and

I understand that comes under the jurisdiction of Kamehameha Schools. Is that more or less administered by your institution?

Mr. Arakawa. That is correct. Yes.

Mrs. Mink. To what extent are those funds being used to accomplish those goals which you outlined in your testimony to expand the students' understanding of opportunity and expand their horizons to compete for post educational experiences wherever they might exist?

Mr. Arakawa. I think one of the real novel things that program has tried to do is tried to instill a strong counseling component with the financial aid grants that are awarded. I think we found out from our experience sometimes just to award money without any precounseling and follow-up sometimes it is throwing money down the drain.

I think our community education program that administrates that fund has placed a great deal of emphasis on the counseling component and where they are trying very hard to not only enroll native Hawaiians in post high school educational institutions, but the retention model, following up very closely to see that they are in progress towards a degree.

Mrs. Mink. What do the statistics at your school show of the 80 percent that go on? How many stay in it, say, over a 5 or 10 year period and go on to completion?

Mr. Arakawa. Are we specifically talking about King Kamehameha Secondary School?

Mrs. Mink. Yes.

Mr. Arakawa. Okay. We followed up with the class of 1986 over the periods, and we found that over half—I am sorry—within the State of Hawaii, our attrition rate is close to a half of those that enroll, and that it does take longer for them to graduate and get a degree. We are trying to address that concern with Kamehameha students why that is.

The largest attrition rate is at the university of Hawaii at Manoa. Although we don't have any studies on this yet, I think a commuter State institution, a large school, has something to do with it.

Mrs. Mink. How many of your graduates go on to postsecondary experiences on the mainland?

Mr. Arakawa. About at third of the class.

Mrs. Mink. How do they fare—the third that go to the mainland?

Mr. Arakawa. Actually their retention periods are much much higher. Let's say in the 80 percent. Maybe because of—they usually—if they go to the mainland they usually tend to go to small schools. Much stronger support services. Also, there might be—again, this is a gut feeling—there might be a stronger sense of commitment in terms of money that the family is doling out for them.

Most of those schools are residential campuses, and I think that makes a big impact on the learning environment.

Mrs. Mink. Thank you very much.

Mrs. Mink. We will move now to Panel 4, Mr. Flemming, Ms. Annabelle Fong, Coleen Jongeward and Margaret Williams. Mr. Flemming of the Hawaii Pacific University, and Annabelle Fong from the University of Hawaii-Manoa, Coleen Jongeward and Margaret Williams.

Mr. Flemming.

STATEMENTS OF WALTER J. FLEMMING, DIRECTOR OF FINANCIAL AID, HAWAII PACIFIC UNIVERSITY; ACCOMPANIED BY ANNABELLE FONG, DIRECTOR OF FINANCIAL AID, UNIVERSITY OF HAWAII AT MANOA; COLEEN JONGEWARD, DIRECTOR OF FINANCIAL AID, HAWAII LOA COLLEGE; AND MARGARET WILLIAMS, PRESIDENT, HAWAII INSTITUTE OF HAIR DESIGN

Mr. FLEMMING. Madam Chairman, Representative Jefferson, Representative Washington, aloha. I would also like to say aloha to other staff members, parents, educators, counselors, fellow financial aid administrators and ladies and gentlemen present here for the hearings.

I want to take this opportunity in the beginning to thank you for giving us this opportunity to present some of our suggestions and opinions on the future direction of Federal support for higher education.

Speaking on behalf of the Pacific Financial Aid Association (PACFAA) as this year's President-Elect, let me first say that we are particularly pleased that these hearings are being held here in the State of Hawaii. Since the membership of PACFAA is composed of individuals from postsecondary institutions (both public and private), proprietary schools and agencies in the State of Hawaii and other far-flung locations in the Pacific who are directly responsible for the day-to-day administration of financial aid, we consider this to be a special opportunity for us to state our views and offer suggestions from the perspective of the front line trenches.

We wholeheartedly support the retention in law of Part A (Grants), Part B (Guaranteed Student Loans), Part C (College Work-Study) and Part E (Perkins Loan) of the Title IV Programs. We believe that these already successful programs can be rendered even more effective with some minor modifications.

More specifically, in the grants to students area, we support the proposal to raise the statutory maximum Pell Grant award to $3,700 which we feel will help ensure that low and moderate income students have broad access to postsecondary educational opportunities.

PACFAA does not support, however, the administration's proposal for new Pell Grant award rules. We feel that some common ground must be found in this area to accommodate both low income and moderate income families.

In the case of the supplemental grant (SEOG), it is deemed appropriate that schools contribute non-Federal aid dollars up to a maximum of 20 percent of the Federal aid allocation dollars and that these allocations be phased in over a reasonable period of time.

PACFAA does not support the repeal of the grants to States for State Student Incentives. We feel that eliminating Federal funds from the Hawaii program during these economically uncertain times might seriously impair our ability to help those students with the greatest need.

PACFAA favorably endorses the administration's proposals to increase the annual Guaranteed Student Loan Program limits to help students meet the rising costs of postsecondary education. We also support the default prevention and collection proposals in the administration's submission to Congress. The Association generally concurs with the measures involved with guarantee agency improvements and other administration proposals involving the GSL loan program. We are not, however, in favor of the administration's proposal that States share in the risk of borrower default.

We believe that the College Work-Study Program is a means of providing a practical application and/or training experience to a student's overall postsecondary learning experience while at the same time allowing the student to earn money for his/her education. Imposing unwarranted share requirements (as we believe is the 50 percent imposed by the administration in 1992) on institutions could result in some schools being forced to reduce their programs significantly, thereby abandoning some students to less rewarding alternatives. We recommend that the share requirement should remain at the current 30 percent level.

In addressing direct loans to students, the authority for the Federal capital contribution for the Perkins Loan Program must not be repealed. In the view of the Association, the Stafford and SLS loan programs are far more heavily subsidized by interest and collect debts than the low interest, but collectible, Perkins Loan.

PACFAA supports, in general, S. 923, a bill to amend Section 484(d) of the HEA regarding methods for qualifying as an "ability to benefit" students at institutions of higher education and proprietary institutions of higher education and for other purposes. We believe strongly that public and nonprofit institutions should be allowed to utilize assessment tests, counseling methods and equivalency degrees for determining ability to benefit as they could under prior law.

We also believe that a State-approved method for determining ability to benefit should be recognized by the Secretary of Education. Although the Association supports testing of ability to benefit students under the Department of Education guidelines for proprietary schools, we also believe some latitude should be given to develop and administer approved tests/testing methods that measure a student's learning potential rather than only prior knowledge.

The Association agrees that establishing a single need analysis system would simplify Federal program delivery by providing one expected family contribution outcome. We support the proposal that the general need analysis or Congressional Methodology should be used to determine eligibility for all need-based Title IV student aid programs. In this regard, we recommend adopting several different proposals:

We believe that all independent students with or without children should be treated equally in need analysis calculations, regardless of marital status. Married students without children should be treated the same as single independent students since they have no parental financial obligations and true financial strength is not accurately assessed.

We believe that the College Scholarship Service's formula for capping home equity at three times income to protect applicants against housing booms that really do not increase their ability to pay, be adopted. This is an especially sensitive issue to PACFAA.

We believe that the independent student definition, except for retaining the aid administrator's authority in determining the conditional criteria of self-sufficiency, be modified as stated in the administration's report.

We believe that all married students and all graduate or professional students should be considered independent.

We believe that veterans' educational benefits should be eliminated from the needs analysis formula but that they be counted as a resource for the year in which received.

We believe that no special provisions for displaced homemakers and dislocated workers should be included in the need analysis calculations.

We feel that the current application system is too complex and confusing and needs to be simplified. In this regard, PACFAA believes that the time has come for the Association to strongly recommend that the Federal Processor for the Pell Grant program should be eliminated.

When the single need analysis formula is in place, the Federal Processor will no longer be needed since the Multiple Data Entry (MDE) agencies can process the grant application. They are already certified by the Department of Education and currently process the output document, the Student Aid Report (SAR).

We also believe that the SAR should be eliminated as a useless document since it contains the same information as the output document already produced by the MDE and Financial Need Analysis Report.

Institutions currently have the capability, via approved Department of Education software programs, to process corrections to the Financial Need Analysis Report, so there is no compelling need to resubmit corrections to the Federal processor. The added benefit of this proposal is that the cost savings can be directed back into Federal student aid programs.

In closing, let me thank you on behalf of PACFAA for arranging this public forum. We, members of PACFAA, know that many other issues will impact the reauthorization of the HEA. In the final analysis, however, we believe a system of student aid that best serves both students and taxpayers must be implemented.

As you conclude these hearings today and begin other deliberations tomorrow and throughout the year, PACFAA wishes you success in shaping a plan that will, hopefully, guarantee the educational needs of our State and the Nation. Mahalo!

[The prepared statement of Walter J. Flemming follows:]

HAWAII PACIFIC UNIVERSITY
OFFICE OF FINANCIAL AID

"HOLOMUA ME KA OIAIO"

HAWAII PACIFIC UNIVERSITY

TESTIMONY

PRESENTED TO THE

HOUSE COMMITTEE ON EDUCATION AND LABOR

HOUSE OF REPRESENTATIVES

CONGRESS OF THE UNITED STATES

JULY 1, 1991

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HAWAII PACIFIC UNIVERSITY
OFFICE OF FINANCIAL AID

"HOLOMUA ME KA OIAIO"

HAWAII PACIFIC UNIVERSITY TESTIMONY

REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

HOUSE COMMITTEE ON EDUCATION AND LABOR

JULY 1, 1991

Madam Chairman, distinguished members of the Committee, ladies and gentlemen, once again, thank you for this opportunity to address the Committee on behalf of my school, Hawaii Pacific University and my President, Chatt Wright. Although I may have already touched on these issues in my earlier testimony, my comments will be directed toward a further explanation of selected issues of major concern to the University, which by the way, is now the largest independent, nonprofit college or university in the State of Hawaii.

First, we are very supportive of Senator Akaka's bill to amend the HEA regarding methods for qualifying students under "ability to benefit" criteria at institutions of higher education. We believe that public and nonprofit institutions should be allowed to utilize their own assessment tests, counseling methods, and equivalency degrees for determining ability to benefit as they could under prior law. In support of default reduction, we do, however, support the bill's provision for mandatory Department of Education approved testing for ability to benefit students who are entering proprietary schools.

Although Hawaii Pacific University does not recommend the elimination of home equity in the calculation of a family's net worth, we do support a formula that more realistically ties home equity to the family's adjusted gross income. The College Scholarship Service's proposal to cap home value at three times income to protect aid applicants against housing booms(or just inflated equity like in Hawaii) that really does not increase their ability to pay, is supported. This treatment of home equity would provide an equitable analysis for families who are on fixed incomes and own or have inherited their homes.

We are concerned about the Administration's proposal that institutions provide a dollar-for-dollar match for SEOG awards to students. Contrary to the opinion expressed in the Administration's summary of proposals that schools receiving federal SEOG allotments have broad discretion to make awards that serve institutional objectives as well as the needs of low-income students, we find little or no discretion in their use, outside of helping meet the needs of eligible students. This proposal, if implemented, would seriously jeopardize our ability to administer the program since adequate matching funds may not be available or at a minimum, funds would have to be redirected from other educational needs. In the long run, this proposal could force

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independent schools to increase their tuition thereby further limiting educational opportunities for many students. We recommend capping matching allocations at the 20 percent level.

Like the SEOG proposal, we do not support the administration's plan to increase the employer share of College Work-Study payments to students from 30% to 50% in 1992. Although schools do recognize some benefit in decreased labor costs by employing students, we feel that the primary purpose of this program is to provide a practical application and/or training experience to supplement a student's overall postsecondary learning experience, while at the same time allowing the student to help finance his/her education. We agree that providing an institutional share of a student's part-time wages does establish a partnership between the Federal Government and the school that is appropriate. However, the institutions share of the contribution should be reasonably proportioned and phased in over time. We believe that there are many schools without the financial ability to meet the 50% requirement for all the students desiring to work. This condition will force many schools to reduce the scope of their work study programs, abandoning needy students to less rewarding alternatives. We recommend that the share requirement remain at the current 30% level.

In closing, let me say that there are two basic areas which we believe should be addressed in order to improve the effectiveness of the student aid system. First, we must improve equal access to postsecondary education to low and moderate income students. Second we must simplify the delivery of federal student aid. Hopefully, our small part of the testimony given here today will help in addressing these concerns.

Thank you.

PACIFIC FINANCIAL AID ASSOCIATION (PACFAA)
SUMMARY REPORT
ON THE
REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965

PRESENTED TO THE

HOUSE COMMITTEE ON EDUCATION AND LABOR

HOUSE OF REPRESENTATIVES

CONGRESS OF THE UNITED STATES

JULY 1, 1991

ISSUE: ABILITY-TO-BENEFIT

PACFAA supports, in general, S. 923. A bill to amend section 484(d) of the Higher Education Act of 1965 regarding methods for qualifying as an "ability to benefit" student at institutions of higher education and proprietary institutions of higher education, and for other purposes. As stated in the bill, this legislation will mandate that proprietary institution students who have not graduated from high school must pass an independently administered examination approved by the Department of Education prior to enrollment. This action will maintain the original intent of the Student Default Initiative Act of 1990. Public and nonprofit institutions will be allowed to utilize assessment tests, counseling methods, and equivalency degrees for determining ability to benefit as they could under prior law. In addition, should they choose, they may also use the Department of Education approved testing method. Finally, in order to strengthen the integrity of State-supported educational institutions, the Secretary of Education would be directed to recognize a State-approved method for determining ability to benefit.

On behalf of our proprietary schools, although PACFAA does support testing of ability to benefit students under Department of Education guidelines, some latitude should be given to these schools to develop and administer approved test(s)/testing methods that measure a student's learning potential rather than only prior knowledge.

ISSUE: DELIVERY SYSTEM

PACFAA does not support the Administration's proposal to require use of the Federal Application Form. Flexibility in the financial aid application format must be maintained in order to meet the informational and geographical data needs of different types of institutions in determining the needs of their students. Institutions must have the latitude to solicit information on application forms that allow the determination of eligibility of applicants for all forms of aid, e.g. institutional, state, private agencies. Students normally submit the forms required by the institution(s) they wish to attend, anticipating a nominal charge for processing. The "free" form concept would not be universally accepted by students when they know that additional forms may be required and delays in processing of their aid will occur.

ISSUE: NEED ANALYSIS

PACFAA supports the Administration's proposal that a single need analysis formula similar to the general need analysis, or Congressional Methodology, would determine eligibility for all need-based Title IV student aid programs. It is agreed that establishing a single need analysis system would simplify Federal program delivery by providing one expected family contribution outcome. In this regard, PACFAA recommends adopting the following guidelines:

- PACFAA concurs with the proposal that all independent students without children would be treated equally in need analysis calculations, regardless of marital status. Currently, the financial contribution expected from married independent students without children is determined by the more liberal formula used for families with children (see additional comments below).

- PACFAA is strongly opposed to the elimination of home equity in the calculation of a family's net worth and supports the College Scholarship Service's proposal in assessing home equity. This proposal provides a formula for the routine treatment of home equity for families in a fair and equitable manner, particularly when home values are determined to be out of line with family income. This proposal would cap home value at three times income to protect aid applicants against housing booms that really did not increase their ability to pay. The elimination of home equity from the need analysis system, although having the advantage of simplicity, could result in a significant redistribution of aid from less advantaged to more advantaged applicants. This is an especially sensitive issue to those of us in the State of Hawaii since Hawaii's average single-family home sales price is the highest in the nation. This treatment of home equity would provide an equitable analysis for families who are on fixed incomes and own or have inherited their homes.

- PACFAA supports modification of the independent student definition proposed by the Administration with the following caveat concerning self-sufficiency: That the modified definition clearly state, that if in the opinion of the aid administrator, supported by clear and documented evidence, that a dependency override is warranted, the professional judgement of the administrator will take precedence in the matter. Far too many unusual and mitigating circumstances may have to be considered in determining the independent status of students to preclude the use of professional judgement. Of all areas addressed in the need analysis, this one must mandate the maximum latitude in allowing professional judgement on the part of the local aid administrator.

- PACFAA also concurs that all married students and all graduate or professional students should be considered independent. This proposal would eliminate confusion and simplify program delivery and application procedures. In addition, PACFAA recommends that the treatment of income and assets for this group of students be changed so that married students without dependents are not allowed to shelter more resources than other independent students. Under the current need analysis there is a glaring inequity when both husband and wife are students in that the Standard Maintenance Allowance and cost of attendance allow for double the adjustments and expenses of the couple. It is proposed that married students without children be treated similarly to single independent students since they have no parental financial obligations and true financial strength is not accurately assessed.

- PACFAA concurs that veterans educational benefits be eliminated from the need analysis formula. These benefits should be considered as either a resource or financial aid when determining need.

- PACFAA too recommends that no special provisions for displaced homemakers and dislocated workers be included in the need analysis calculations. Unique student and family financial circumstances of this nature can best be considered under professional judgement in applying special conditions. This action will also shorten and simplify the application process thereby supporting efforts to enhance the effectiveness of the delivery system.

- PACFAA concurs with the Administration's proposal that allowances applied to the dependent student's income would be increased by the amount of the negative parental available income when parental income is less than the living allowances provided in the formula and the calculated expected contribution from parental assets is insufficient to offset the negative available income.

ISSUE: GRANTS TO STUDENTS

PACFAA concurs with the proposal to raise the statutory maximum Pell Grant award to $3,700, which we feel will help ensure that both low and moderate income students have broad access to postsecondary educational opportunities. PACFAA does not, however, support the Administration's proposed new award rules (a percentage of financial need or the maximum award minus the EFC) in determining the eligibility of students. We feel that some common ground must be found in this area to accommodate moderate income families.

PACFAA is opposed to the proposal to repeal the current provision permitting a financial aid administrator to adjust without limit--an individual student's expected family contribution or cost of attendance in "special circumstance". The authority of the financial aid administrator to use professional judgment in determining the Congressional Methodology FC, based on special condition data, in awarding campus-based aid and guaranteed loan funds must be maintained. This provision does not provide the opportunity for significant program abuse at the institutional level. Administrators who are on scene must have the authority to make these "special circumstances" decisions.

The proposal that institutions provide a dollar-for-dollar match for SEOG awards to students is strongly opposed. Contrary to the opinion expressed that Schools receiving Federal SEOG allotments have broad discretion to make awards that serve institutional objectives as well as the needs of low-income students, minimal discretion in their use, outside of helping meet the needs of eligible students, is available. This proposal, if implemented, would seriously jeopardize the ability of some private, independent schools and others to administer the SEOG program. It is deemed appropriate that schools contribute non-Federal aid dollars in some reasonable proportion to Federal aid dollars phased in over time. It might also be reasonable to expect that state funds be permissible in the "matching" of funds.

PACFAA does not support the repeal of the Grants to States for State Student Incentives. Although the State of Hawaii has a viable SSIG program, eliminating Federal funds from the program during a period of economic uncertainty will seriously impair the student incentive grant program in its efforts to help the truly needy students of this state.

ISSUE: GUARANTEED STUDENT LOAN PROGRAM

PACFAA endorses the Administration's proposals to increase the annual loan limits to help students meet the rising costs of postsecondary education as follows:

--Increase the Stafford loan limit from $2,625 to $3,500 for first- and second-year undergraduates.

--Increase the Stafford loan limit from $4,000 to $5,000 for third-,fourth-. and fifth-year undergraduates.

--Maintain the current Stafford loan limit of $7,500 for graduate students.

--Maintain the current SLS limit of $4,000 for a full year program for first-year students; and

--Increase the SLS loan limits from $4,000 to $6,000 for undergraduates (excluding the first-year students) and from $4,000 to $10,000 for graduate students.

PACFAA also supports the default prevention and collection proposals as summarized below:

--Establish a minimum program-length requirement of 6 months (equivalent of 600 hours) as a condition of eligibility for the GSL program.

--Require lenders to perform credit checks.

--Require delayed disbursement.

--Require lenders to provide graduated repayment options to borrowers.

--Require students to provide driver's licence numbers and other borrower location information.

--Require "confess judgment" language in all promissory notes.

--Authorize guarantee agencies and the Secretary to garnish a defaulter's wages.

PACFAA generally supports the Administration's measures to ensure the financial stability of existing guarantee agencies as outlined in the summary report under the headings: Guarantee Agency Improvements, Risk Sharing, and Other Proposals. PACFAA supports many of the specific proposals listed, but reserves further comment until the appropriate agency positions are known.

ISSUE: WORK-STUDY PROGRAM

PACFAA does not support the proposal to increase the employer share of payments to students from 30 percent to 50 percent in 1992. Although some benefit is recognized from decreased labor costs, the primary purpose of this program is to provide a practical application and/or training experience to a students overall postsecondary learning experience; while at the same time allowing the student to earn money for his education. The Work-Study program should not be viewed as a means of providing a pool of low-wage workers for the benefit of the institution. Funds are not directed to eligible students the school most desires to enroll -- they are directed across-the-board to students who demonstrate a financial aid need and who have a desire to work. Providing an institutional share of a student's part-time wages does recognize the partnership between the Federal Government and the school and is appropriate. However, the share should be reasonably proportioned and phased in over time. Schools without the ability to meet the 50 percent requirement for all the students desiring to work will be forced to reduce their program, abandoning some students to less rewarding alternatives.

ISSUE: DIRECT LOANS TO STUDENTS IN INSTITUTIONS OF HIGHER EDUCATION

PACFAA supports the requirements for credit checks of borrowers aged 21 and over, as well as borrower provision of driver's license number and other skip-tracing information.

PACFAA does not support the proposal to repeal the authority for new Federal capital contributions for the Perkins Loan program. The Perkins loan program is a vital part of the campus-based loan programs and should retain its viability. If the capital contribution is eliminated, the program will not have the guaranteed stability necessary to administer to the needs of the students. In the view of PACFAA, the Stafford and SLS loan programs are far more heavily subsidized by interest and collection efforts than the low-interest, but collectable, Perkins loan program. This program must be maintained at current levels or else the education of millions of needy students is at risk.

ISSUE: NATIONAL DATA MATCH FOR FINANCIAL AID TRANSCRIPTS

In order to streamline the delivery system PACFAA supports development of a national data system to track, not only defaults, but also to monitor all aspects of an individual's experience with the Federal student assistance programs.

ISSUE: CLOCK HOUR/CREDIT HOUR FOR VOCATIONAL PROGRAMS

PACFAA is strongly opposed to the NCHELP proposal to require vocational credit hour programs to measure training in clock hours for the purpose of determining institutional eligibility to participate in Federal student aid programs. This action is considered inappropriate, having the effect of imposing Federal standards upon institutional and accrediting policies dealing with academics.

ISSUE: ADMINISTRATIVE OVERHEAD/ALLOWANCE

The costs of administering and managing the Title IV programs have increased to such an extent that the 5 percent administrative fee allowed to manage these expenditures is no longer sufficient to cover the cost involved. The loan default reduction regulations, financial aid transcript requirements, GSL regulations, changes in laws other than the Higher Education Act which require immediate implementation by institutions have all impacted on these higher administrative requirements. The idiosyncracy of the expenditure fee is that the institution matches all campus-based programs so the 5 percent administrative fee in reality, a combination of Federal and institutional funds. PACFAA recommends that the fee allowance be raised to 8 percent.

PACFAA also recommends that institutions be allocated an administrative allowance of $20 per student recipient of the Stafford loan, SLS and the PLUS loan programs to compensate for the costs of handling applications, conducting interviews, mailings, check handling, and reporting to guarantee agencies and confirmation reports.

ISSUE: JOB LOCATOR AND DEVELOPMENT PROGRAM

PACFAA recommends that the ceiling on the transfer of funds from the College Work-Study program to the JLD program be increased from $30,000 to $40,000. Expenses, mainly salary in nature, have been and will continue to increase every year. In order for this program to remain viable additional funds are essential.

ISSUE: FEDERAL PROCESSOR

The Association feels that the current application system is too complex and confusing and needs to be simplified. In this regard, we believe that the time has come for the Association to strongly recommend that the Federal Processor for the Pell Grant program should be eliminated. When the single need analysis formula is in place, the Federal Processor will no longer be needed since the Multiply Data Entry (MDE) agencies can process the grant application (they are already certified by the Department of Education and currently process the output document, the Student Aid Report [SAR]). We also believe that the SAR should be eliminated as a useless document since it contains the same information as the output document already produced by the MDE, the Financial Needs Analysis Report. Institutions currently have the capability, via approved Department of Education needs analysis software programs, to process corrections to the Financial Needs Analysis Report, so there is no compelling need to resubmit corrections to the Federal Processor.

Although the Federal Processor's current initiative to generate and expand electronic student matches for Selective Service, Immigration, and default status is supported, PACFAA believes that this information can be reported by the MDEs in the Financial Needs Analysis Report. In any case, institutions have the ultimate responsibility in determining the status of students, especially when students fail to submit their SAR. In addition, the current requirement for institutions to obtain Financial Aid Transcripts from other schools the student attended, does act as a safeguard in identifying refunds due on the over payment of a federal grant and determining the student's default status.

The added benefit, and perhaps even more important than processing efficiency, is that the cost savings (probably in the millions of dollars), can be directed back into federal student aid programs.

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Mrs. MINK. Thank you very much, Mr. Flemming.

Counsel pointed out a point you raised in your testimony about the definition of an independent student in which you stated you supported the administration's definition, and he suggested that the current age is 24 and the President's recommendation is 26. Do you support the 26-year-old?

Mr. FLEMMING. We do support that. Yes. As long as the local financial aid administrator still can use professional judgment in determining the self-sufficiency of the student and family we believe that is critical.

Mrs. MINK. Why do you feel it is necessary to increase the age to 26?

Mr. FLEMMING. One of my other colleagues?

Ms. FONG. What we are seeing here very significantly is a lot of students are still undergraduates at age 24, living at home. There are more and more of them. I think the statistics that I saw in one analysis showed that the increase in independent students therefore that call upon more resources has risen to 76 percent in the last 2 years as a result of that 24-year-old. We are concerned about the shift of funds going to the older student and the younger student. There is a shift of funds, and that is what our concern is.

Mrs. MINK. How much of a shift in funds have you seen?

Ms. FONG. We believe there is almost a 25 percent shift before they graduate with a bachelor's degree.

Mrs. MINK. We will get to that point.

Ms. Fong.

Ms. FONG. I am not making a testimony. I am with the UHH. As you know, there will be nobody from UHH speaking because our bosses have spoken.

I am President of Pacific Financial Aid Association. I want to thank you, Patsy, on top of what Mr. Washington and Mr. Jefferson said. I have been in the Title IV Programs since 1965, first with the TRIO and then being in the Financial Aid Office, and I have sat through three reauthoriazations. I have seen Tom. I have seen him in Washington, but we have never had a hearing here. I always had to go to the mainland.

I thank you all for being here. You asked a question of Doris Ching. Do you want me to wait until afterwards to say what she wanted me to get back to you?

Mrs. MINK. You are free to do it now.

Ms. FONG. Administrative overhead—as she was talking about the need for nontraditional students for which costs could be picked up by the Federal Government, she didn't fully understand what that administrative overhead was. We use a lot of it to pay for our audits, to pay for loan collectors and to do other kinds of things within Financial Aid, so to speak, that we are not using for other programs except for paying for the need to keep our financial aid programs current, clean and accountable for.

So she just wanted that clarified. Thank you.

Mrs. MINK. Fine. Thank you.

Mrs. Jongeward.

Ms. JONGEWARD. Aloha, Representative Mink, Representative Hayes, Representative Washington, Representative Jefferson, staff members, colleagues, ladies and gentlemen. Welcome to Hawaii and thank you for the opportunity to provide comments and recommendations associated with the Reauthoritzation of the Higher Education Act in 1991.

My name is Coleen Jongeward, and I am the Director of Financial Aid at Hawaii Loa College. I am here as a practicing Financial Aid Administrator with over 10 years of experience, and I am currently the Past-President of the Pacific Financial Aid Association.

There are many issues and problems with the current student aid programs and delivery system which must be addressed and resolved during this reauthorization period in order to better serve economically disadvantaged students. The present system is inefficient and overregulated. The goal of providing access to higher education is not being achieved in a manner that reflects the advancement of the technology and sophistication our Nation possesses.

Providing financial support to those able to benefit from education in order that they may have more successful, productive and happier lives is the single best investment which government and taxpayers can make. Our willingness to educate and protect our children is a test of any decent and compassionate society. It is evident we can no longer compete and prosper in the global arena when more than a third of our children are growing up in ignorance and a fifth in poverty.

If current trends continue, a disproportionate number of our children will grow up poor, untrained, uneducated and unmotivated at the very time our Nation will need the children to be healthy, educated and productive. We must do more if our Nation will continue to be a place where every man, woman and child will have the opportunity to reach their potential. Educating young minds is not susceptible to compromise. We must all work together to achieve this goal.

I have identified several areas that I feel will assist us in achieving our mutual goal and will improve the student aid programs and the delivery system as we enter the next century. I have separated my recommendations in the five following areas: Pell Grant Program, Home Equity, Need Analysis, Delivery System and Administrative Overhead and Allowance.

Pell Grant Program. The Pell Grant Program is insufficient in its current structure. This program was designed to aid the neediest of students, yet it is the single most bureaucratic and complicated program for students and schools.

Students must currently submit a nationally-approved need analysis application to a processor such as the College Scholarship Service or the American College Testing Service, who produces a paper report that the student must submit to the school he or she chooses to attend. When a student submits their need analysis application in a timely fashion, it is submitted prior to the time most families have completed their Federal tax returns, so the information is estimated and usually not accurate. As a result, many changes must be made to the report, and it must be resubmitted to the central processor in Iowa. Students expect to receive their funds at the start of the school term, not just prior to the completion.

There is currently an excellent system in place that provides Federal financial aid, such as the Supplemental Grant (SEOG), Perkins Loan, and college work study funds, directly to students by the financial aid administrators at the campus level. This system has proven to be quite effective.

We must eliminate the requirement that a student must return a paper Pell Grant Report to the school and that corrections be made to the central processor prior to payment. It is redundant to have a student submit a three-page report which contains information that the school has already received and in most cases has verified for the other Federal programs. The responsibilities placed on the student serve to deter them. It would be a logical course of action to make the Pell Program a campus-based program.

Home Equity. One of the largest concerns of the residents of the State of Hawaii is the current treatment of home equity.

In Congressional Methodology, one of the measurements for determining financial strength is home equity, the difference between the assessed value and the outstanding mortgage. The Standard Maintenance Allowance or SMA is a critical element in the Congressional Methodology need analysis system. The SMA is based on the Bureau of Labor Statistics Low Standard of Living.

The SMA for a student in Iowa is the same as a student in Hawaii. For most Hawaii State residents, the SMA table is illogically low relative to their actual living costs. If we are concerned about realistically measuring a family's ability to contribute to their child's education, we must establish living allowances that adequately reflect local costs to more accurately measure financial need.

I believe that the CSS proposal that caps home equity at three times income should be adopted. This ties assets to income in a fair and concise manner and appears to be the best solution to a complex problem.

Need analysis. In order to simplify Federal program delivery, I believe a single need analysis system to determine expected contributions be adopted. I support the proposal that Congressional Methodology be used to determine eligibility for all need-based Title IV student aid programs. Through the use of professional judgment, aid administrators can make any appropriate corrections or adjustment based on special documented circumstances.

Delivery system. It is time to simplify the process for which aid is made available to eligible students. There should be a single, universal form for applying for a Stafford Loan, Supplemental Loan or Parent PLUS Loan. The current process succeeds in confusing and intimidating students. It is time to make the necessary changes.

Administrative overhead and allowance. The costs of administering and managing the Title IV programs have increased at such an alarming rate that the current 5 percent expenditure of Title IV funds is no longer enough. I believe that the administrative allowance be increased to 8 percent to offset expenses related to the management of the Title IV programs.

I further recommend that institutions be given an administrative allowance of $20 per recipient of the Stafford, Supplemental Loan to Students and the Parent Loan Program to offset the costs of handling the applications, conducting entrance and exit interviews, mailings, check handling, reports to guarantees agencies and status confirmation.

In closing, I would like to thank you for allowing me this opportunity to state my views and recommendations at this forum.

The prepared statement of Coleen Jongeward follows:]

HAWAII LOA COLLEGE
TESTIMONY
PRESENTED TO THE
HOUSE COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES
CONGRESS OF THE UNITED STATES
JULY 1, 1991

HAWAII LOA COLLEGE TESTIMONY
REAUTHORIZATION OF THE HIGHER EDUCATION ACT OF 1965
HOUSE COMMITTEE ON EDUCATION AND LABOR
JULY 1, 1991

Aloha Representative Mink, Representative Hayes, Representative Washington, Representative Jefferson, staff members, colleagues, ladies and gentlemen. Welcome to Hawaii and thank you for the opportunity to provide comments and recommendations associated with the Reauthorization of the Higher Education Act in 1991. My name is Coleen Jongeward and I am the Director of Financial Aid at Hawaii Loa College. I am here as a practicing Financial Aid Administrator with over ten years of experience and I am currently the Past- President of the Pacific Financial Aid Association.

There are many issues and problems with the current student aid programs and delivery system which must be addressed and resolved during this Reauthorization period in order to better serve economically disadvantaged students. The present system is inefficient and overregulated. The goal of providing access to higher education is not being achieved in a manner that reflects the advancement of the technology and sophistication our nation possesses. Providing financial support to those able to benefit from education in order that they may have more successful, productive and happier lives is the single best investment which government and taxpayers can make. Our willingness to educate and protect our children is a test of any decent and compassionate society. It is evident we can no longer compete and prosper in the global arena when more than a third of our children are growing up in ignorance, and a fifth in poverty. If current trends continue, a disproportionate number of our children will grow up poor, untrained, uneducated, and unmotivated at the very time our nation will need the children to be healthy, educated and productive! We must do more if our nation will continue to be a place where every man, woman, and child will have the opportunity to reach their potential. Educating young minds is not susceptible to compromise. We must all work together to achieve this goal.

I have identified several areas that I feel will assist us in achieving our mutual goal and will improve the student aid programs and the delivery system as we enter the next century. I have separated my recommendations as follows:

PELL GRANT PROGRAM

HOME EQUITY

NEEDS ANALYSIS

DELIVERY SYSTEM

ADMINISTRATIVE OVERHEAD AND ALLOWANCE

Pell Grant Program: The Pell Grant program is insufficient in its current structure. This program was designed to aid the neediest of students, yet it is the single most bureaucratic and complicated program for students and schools. Students must currently submit a nationally-approved need analysis application to a processor such as the College Scholarship Service or the American College Testing Service who produces a paper report that the student must submit to the school he or she chooses to attend. When a student submits their need analysis application in a timely fashion, it submitted prior to the time most families have completed their Federal tax returns so the information is estimated and usually not accurate. As a result, many changes must be made to the report and it must be resubmitted to the Central Processor in Iowa. Students expect to receive their funds at the start of the school term, not just prior to the completion. There is currently an excellent system in place that provides federal financial aid, such as the Supplemental Grant (SEOG), Perkins Loan, and College Work Study Funds directly to students by the Financial Aid Administrator at the campus. This system has proven to be quite effective! We must eliminate the requirement that a student must return a paper Pell Grant Report to the school and that corrections be made to the Central Processor prior to payment. It is redundant to have a student submit a three page report which contains information that the school has already received and in most cases has verified for the other federal programs. The responsibilities placed on the student serve to deter them.

It would be a logical course of action to make the Pell program a campus-based program.

Home Equity: One of the largest concerns of the residents of the state of Hawaii is the current treatment of home equity. In Congressional Methodology, one of the measurements for determining financial strength is home equity, the difference between the assessed value and the outstanding mortgage. The Standard Maintenance Allowance or SMA is a critical element in the Congressional Methodology need analysis system. The SMA is based on the Bureau of Labor Statistics-Low Standard of Living. The SMA for a student in Iowa is the same as a student in Hawaii. For most Hawaii state residents, the SMA table is illogically low relative to their actual living costs. If we are concerned about realistically measuring a family's ability to contribute to their child's education, we must establish living allowances that adequately reflect local costs to more accurately measure financial need. I believe that the CSS proposal that caps home equity at three times income should be adopted. This ties assets to income in a fair and concise manner and appears to be the best solution to a complex problem.

Needs Analysis: In order to simplify federal program delivery, I believe a single need analysis system to determine expected contributions be adopted. I support the proposal that Congressional Methodology be used to determine eligibility for all need-based Title IV student aid programs. Through the use of professional judgement, Aid Administrators can make any appropriate corrections or adjustments based on special documented circumstances.

Delivery System: It is time to simplify the process for which aid is made available to eligible students. There should be a single, universal form for applying for a Stafford Loan, Supplemental Loan, or Parent PLUS Loan. The current process succeeds in confusing and intimidating students. It is time to make the necessary changes.

Administrative Overhead and Allowance: The costs of administering and managing the Title IV programs have increased at such an alarming rate that the current 5% expenditure of Title IV funds is no longer enough. I believe that the administrative allowance be increased to 8% to offset expenses related to the management of the Title IV programs.

I further recommend that institutions be given an administrative allowance of $20 per recipient of the Stafford, Supplemental Loan to Students and the Parent Loan Program to offset the costs of handling the applications, conducting entrance and exit interviews, mailings, check handling, reports to guarantees agencies and status confirmation reports.

There should be a cognizance that the changes in laws, regulations and audit requirements have seriously impacted institutions. Constant and untimely changes in student aid programs wreak havoc with the very students that the Higher Education Act of 1965 were meant to assist. When social policies, which have nothing to do with the determination of students' financial need to either enter or continue postsecondary education, affect eligibility, the endeavor to administer and award aid to deserving students is subverted. To expect financial aid administrators to police social behavior is unthinkable.

In closing, I would like to thank you for allowing me this opportunity to state my views and recommendations at this forum.

Mrs. **Mink**. Thank you very much.

Ms. Williams.

Ms. **Williams**. Good morning, Honorable Chairperson Mink and Honorable Representatives Jefferson and Washington.

My name is Margaret Williams, and I am president of the Hawaii Institute of Hair Design and president of the Hawaii Association of Pacific Postsecondary Private Schools.

I appreciate the opportunity to appear before you this morning to address the reauthorization of the Higher Education Act, specifically the issues affecting private career school students.

The beginning of the 1990's have not been easy. An economic downturn deepened into a national recession. War in the Persian Gulf, slow growth in productivity and a decline in real wages have made life difficult for the people of Hawaii and the entire Nation.

Indicators underscore the need to get our economy back into fighting shape. A key to meeting the economic challenges of the 1990's and beyond is improving the skills of our people—our most valuable economic resource. We must ensure that our workforce is educated, skilled and productive.

Last month, President Bush announced his plan to revitalize American education, "America 2000: An Education Strategy." In that plan, President Bush said, "For those of us already out of school and in the workforce, we must keep learning if we are to live and work successfully in today's world. 'A Nation at Risk' must become 'A Nation of Students.' "

It is the role of each citizen to pursue educational opportunities. It is the role of the public and private sectors to provide a variety of opportunities among which America's students can choose. And it is the role of local, State and Federal Government to assure that those opportunities are available to all Americans who wish to pursue them regardless of their race, gender or socio-economic circumstances.

We need "A Nation of Students," because the United States is encountering intense international competition from Western European and Pacific Rim nations who devote a significant amount of their education dollars to workforce-related curriculum and training.

American firms are more frequently choosing to take advantage of less expensive foreign labor. We can compete with this dynamic in only two ways: one, reduce American wages to equal or lower levels and thereby lower the American standard of living, or, two, provide the educational opportunities working Americans at all levels need to improve their existing skills or learn new skills to make their work more valuable to American and International firms.

As the Commission on the Skills of the American Workforce said in June, 1990, "America's Choice (is) high skills or low wages."

When the Higher Education Act was originally written in 1965, it reflected the needs of a far different student body than we have today. In 1965, postsecondary education served as a transition from adolescence to adulthood for mostly white male middle-class students pursuing a full-time liberal arts education at a residential campus.

While this profile still fits some students, many of today's students are older and seeking career-specific education and training on a part-time basis while working and living off campus. Today's students are also more racially and ethnically diverse and are nearly balanced along gender lines.

Therefore, it is important that access to Title IV assistance be maintained for all types of students regardless of the length of the program they plan to attend. Such access is especially vital for students attending programs of 600 clock hours or less. Many of these students do not have the luxury of remaining out of the workforce to obtain training for more than a 6-month period of time. Access to loan assistance makes this opportunity possible.

At my school in Hawaii, a large percentage of the student population are single mothers. These women must receive help in order to get the training they need to get a job. We also serve a large number of Vietnamese, Korean and Taiwanese immigrants. All of these people rely on financial aid to get the education and training they need.

Because we do serve a large number of immigrants, my institution is well aware of the special needs of these students. In some instances the system of delivering student aid could be improved to better serve these students. For example, as of July 1, 1991, we are required to test all students who do not have a high school diploma (with an ability to benefit test). This test is chosen from a list of tests approved by the Secretary of Education.

Because many immigrants are unable to produce a high school diploma from their own country, we are required to treat these students as if they never achieved a high school diploma. In addition, these tests are timed tests, and for students who do not even have as much as a cross language dictionary, this is nearly impossible. Nor are these tests an accurate reflection of a student's ability to learn and to do well.

It is my recommendation that the committee develop ability to benefit tests which truly reflect their ability to learn. Moreover, I would recommend that these tests should not be timed.

Also, short term programs are essential to students who cannot afford to be absent from the workforce for a long period of time. They need these programs to provide them with a solid, yet short, education and training program in order to given them the skills they require and get them back into the workforce as quickly as possible so they may earn money and become productive, tax-paying members of society.

The National Association of Trade and Technical Schools and the Association of Independent Colleges and Schools together represent more than 2,200 private career schools and colleges serving nearly 1.5 million students. They have developed a comprehensive legislative proposal for the reauthorization of the Higher Education Act.

Briefly, the proposal calls for access to postsecondary education opportunities for all students, including the poor and disadvantaged. It restores the proper balance between grants and loans so the very poorest do not leave school under a huge burden of debt. It improves the integrity of the aid programs. And it enhances the effectiveness of the programs through simplification and improved administration.

The plan recognizes that people should have access to the type of education that best meets their needs and abilities. It calls for a number of reforms that will clarify the accountability of all players involved in the student aid programs and create ways to curb abuse—reforms that will help restore everyone's confidence in these programs.

Private career schools and colleges provide more than half of the trained entry-level workers in the United States. According to a recent U.S. Department of Labor study, 18 of the 20 fastest growing occupations are taught in private career schools.

As you consider the reauthorization of the Higher Education Act of 1965, I urge you to take a new approach that addresses the human capital needs of this Nation's workforce for the year 2000 and beyond by recognizing the diversity of postsecondary education options available to students with a variety of needs and goals; restore confidence in the integrity of student aid programs by making every effort to prevent fraud and abuse in the Federal student aid programs and requiring all postsecondary institutions to provide information on the cost, education requirements, chances of succeeding and employment or continuing education possibilities experienced by graduates; and assure fairness in the student aid programs and provide students with the financial opportunity to choose among all schools by making student aid programs understandable and the application system appropriate to the individual and guarantee access to student aid based on applicants' need but not constraining aid on the basis of type of schools, default rates or programs chosen.

Taking these steps will provide access to Federal financial aid and thus to postsecondary education opportunities for all Americans. I hope the House and Senate take this opportunity to refine Federal education policy to reflect the changes in our Nation's population, economy and education and workforce needs.

Thank you for the opportunity to share my views with you.

Mrs. MINK. Thank you very much.

[The prepared statement of Margaret Williams follows:]

Testimony before the
Subcommittee on Education, Arts and Humanities
Committee on Labor and Human Resources

by

Margaret Williams

President, Hawaii Institute of Hair Design
President, Association of Pacific Postsecondary Private Schools

July 1, 1991

Good morning, my name is Margaret Williams and I am president of the Hawaii Institute of Hair Design, and president of the Hawaii Association of Pacific Postsecondary Private Schools.

I appreciate the opportunity to appear before you this morning to address the reauthorization of the Higher Education Act; specifically, the issues affecting private career school students.

The beginning of the 1990s have not been easy. An economic downturn deepened into a national recession, war in the Persian Gulf, slow growth in productivity, and a decline in real wages have made life difficult for the people of Hawaii, and the entire nation.

All of these indicators underscore the need to get our economy back into fighting shape. A key to meeting the economic challenges of the 1990s and beyond is improving the skills of our people -- our most valuable economic resource. We must ensure that our workforce is educated, skilled, and productive.

In order to have an educated workforce, America's elementary and secondary schools must lay the critical foundation. Students must complete school with the ability to move on to the next step in order to be productive members of society.

Last month, President Bush announced his plan to revitalize American education, "America 2000: An Education Strategy". In that plan, President Bush said, "For those of us already out of school and in the workforce, we must keep learning if we are to live and work successfully in today's world. 'A Nation At Risk' must become 'A Nation of Students.'" I understand that to mean all Americans of all ages and backgrounds need to take advantage of the opportunities available to them, to continue their education, to prepare them for their first jobs, to improve their skills for their current jobs, or to enable them to switch careers if they so choose.

It is the role of each citizen to pursue educational opportunities; it is the role of the public and private sectors to provide a variety of opportunities among which America's students can choose; and it is the role of the local, state and federal governments to assure that those opportunities are available to all Americans who wish to pursue them regardless of their race, gender, or socio-economic circumstances.

We need "A Nation of Students," because the United States is encountering intense international competition from Western European and Pacific Rim nations who devote a significant amount of their education dollars to workforce-related curriculum and training. American firms are more frequently choosing to take advantage of less expensive foreign labor. We can compete with this dynamic in only two ways: 1) reduce American wages to equal or lower levels and thereby lower the American standard of living, or 2) provide the educational opportunities working Americans at all levels need to improve their existing skills or learn new skills to make their work more valuable to American and international firms. As the Commission on the Skills of the American Workforce said in June, 1990, "America's Choice [is] high skills or low wages."

When the Higher Education Act was originally written in 1965, it reflected the needs of a far different student body than we have today. In 1965 postsecondary education served as a transition from adolescence to adulthood for mostly white male middle-class students pursuing a full-time liberal arts education at a residential campus. While this profile still fits some students, many of today's students are older and seeking career-specific education and training on a part-time basis while working and living off campus. Today's students are also more racially and ethnically diverse, and are nearly balanced along gender lines.

Therefore it is important that access to Title IV assistance be maintained for all types of students regardless of the length of the program they plan to attend. Such access is especially vital for students attending programs of 600 clock hours or less. Many of these students do not have the luxury of remaining out of the workforce to obtain training for more than a six month period of time. Access to loan assistance makes this opportunity possible.

At my school in Hawaii, a large percentage of the student population are single mothers. These women must receive help in order to get the training they need to get a job. We also serve a large number of Vietnamese, Korean, and Taiwanese immigrants. All of these people rely on financial aid to get the education and training they need.

Because we do serve a large number of immigrants, my institution is well aware of the special needs of these students.

In some instances the system of delivering student aid could be improved to better serve these students. For example, as of July 1, 1991 we are required to test all students who do not have a high school diploma (with an ability to benefit test). This test is chosen from a list of tests approved by the Secretary of Education.

Because many immigrants are unable to produce a high school diploma from their own country, we are required to treat these students as if they never achieved a high school diploma. In addition, these tests are timed tests and for students who do not even have as much as a cross language dictionary, this is nearly impossible. Nor are these tests an accurate reflection of a student's ability to learn and to do well.

It is my recommendation that the committee develop ability to benefit tests which truly reflect their ability to learn. Moreover, I'd recommend that these tests should not be timed.

Due to their economic circumstances, many of today's students -- again, my school is a perfect example -- cannot continuously attend school for four or more years. Yet, current regulations are biased against short-term programs. Short-term programs are essential to students who cannot afford to be absent from the workforce for a long period of time. They need these programs to provide them with a solid, yet short, education and training program in order to give them the skills they require and get them back into the workforce as quickly as possible so they may earn money and become productive, tax-paying members of society.

With the 1992 reauthorization of the Higher Education Act at hand, the U.S. Congress has an opportunity to help America meet its education and workforce needs for the 21st century. Rather than addressing the financial needs of postsecondary students as if all were pursuing a traditional baccalaureate degree, Congress can explore the needs of America's students and provide the financial assistance necessary to encourage them to develop their skills and knowledge to become productive and valuable citizens.

The National Association of Trade and Technical Schools and the Association of Independent Colleges and Schools together represent more than 2,200 private career schools and colleges serving nearly 1.5 million students. They have developed a comprehensive legislative proposal for the reauthorization of the Higher Education Act.

Briefly, the proposal calls for access to postsecondary education opportunities for all students, including the poor and disadvantaged. It restores the proper balance between grants and loans so the very poorest do not leave school under a huge burden of debt. It improves the integrity of the aid programs. And it enhances the effectiveness of the programs through simplification and improved administration.

The plan recognizes that people should have access to the type of education that best meets their needs and abilities, whether a four-year college or a private career school.

And, the proposal calls for a number of reforms that will clarify the accountability of all players involved in the student aid programs and create ways to curb abuse -- reforms that will help restore everyone's confidence in these programs.

Tomorrow's complex economy will demand increasing numbers of skilled workers. More than 70 percent of all jobs over the next decade will require some form of technical education beyond high school, but only 50 percent of high school graduates will go on to college and 42 percent of those students will not obtain a college degree. Traditional four-year baccalaureate institutions also do not offer programs in many of the highest growth occupations.

Private career schools and colleges provide more than half of the trained entry-level workers in the United States. According to a recent U.S. Department of Labor study, 18 of the 20 fastest growing occupations are taught in private career schools.

As you consider the reauthorization of the Higher Education Act of 1965, I urge you to:

1) Take a new approach that addresses the human capital needs of this nation's workforce for the year 2000 and beyond by recognizing the diversity of postsecondary education options available to students with a variety of needs and goals and assuring that financial aid is neutral and does not give undue advantage to one type of education over another;

2) Restore confidence in the integrity of student aid programs by making every effort to prevent fraud and abuse in the federal student aid programs and requiring all postsecondary institutions to provide information on the cost, educational requirements, chances of succeeding, and employment or continuing education possibilities experienced by graduates; and,

3) Assure fairness in the student aid programs and provide students with the financial opportunity to choose among all schools by making student aid programs understandable and the application system appropriate to the individual; and, guarantee access to student aid based on applicants' need but not constraining aid on the basis of type of schools, default rates or programs chosen.

Taking these steps will provide access to federal financial aid and thus to postsecondary education opportunities for all Americans. I hope the House and Senate take this opportunity to refine federal education policy to reflect the changes in our nation's population, economy and education and workforce needs.

Thank you for the opportunity to share my views with you.

Mrs. MINK. My colleagues, questions?

Mr. WASHINGTON. I have no questions, Madam Chairman. Thank you.

Mrs. MINK. Mr. Jefferson.

Mr. JEFFERSON. Ms. Williams, there is a great deal of controversy, as you may know, about the performance—let me ask you, to make sure I understand what you do, before I ask you this question. Is your school Hawaii Institute of Hair Design?

Ms. WILLIAMS. Correct.

Mr. JEFFERSON. Is it a for-profit institution?

Ms. WILLIAMS. Yes.

Mr. JEFFERSON. There is a great deal of controversy—the performance of proprietary school graduates of those who participate in the program. Performance in paying loans back. Performance in getting jobs.

This morning I asked a question whether or not there was competition between the community colleges and the private schools that provide educational training in getting students in the 2-year programs or getting them into 4-year colleges and that sort of thing, and the available money being drained away in proprietary school enterprises.

With the huge default rate that has been occurring in these schools, the response I got, which was very limited, the problem was not so much with the design of the Federal program but with the accreditation agencies on the State and local levels, I guess.

Now, my question is—with that long predicate—is, do you agree with some of what the critics are saying? Is there something that needs to be done to make these programs work better to lower the default rates and increase the opportunities for the students who go through them to actually land a job and benefit from their educational experiences?

Ms. WILLIAMS. Very definitely. The J Corps work for more communication between the State, Federal and accreditation bodies. I have been told abuse in the past—oftentimes process on abuse was delayed because of communication and action taken between the three. And there has got to be faster action on any reports of Federal abuse.

Mr. JEFFERSON. What about the—this, of course, goes more to the heart of the issue as to when the aid programs ought to be available in the way that you would argue they should be. That is, when you provide aid to an enterprise that, in effect, has a commercial aspect to it, a for-profit aspect to it, that the incentive for getting the student of a mind to repay the loan isn't really there as it is with an outfit that is not involved for profit. Because for the for-profit schools the deal is to get the students in there to make the money, so you ought to regulate it differently. You ought to try and get after the job of getting the students to pay back their loans a little differently.

Do you feel that is necessary? Or do you disagree with that?

Ms. WILLIAMS. I do believe I understand your question, and I do disagree with that. I do feel that financial aid should be available to students across the Nation, no matter what type of school they choose to attend. Private postsecondary schools must charge higher tuition than the universities that are highly federally subsidized or State subsidized.

I am not certain that our students are defaulting at higher rates than university students or not. I really don't know or have that type of figure.

I do know our students need access to loans to help pay for their tuition and also for their living assistance, just as much as any public school student would need. Does that respond to the question?

Mr. **Jefferson**. Yes.

You know, it occurs to me, Madam Chairman, when we talk about the use of home equity, that no matter what we do with it, it is a criteria that cannot help but be applied unequally around the country, when you consider the ingredients that must go into determining the value of a home.

Frankly, we argue in Louisiana about unequal assessments from parish to parish. So I would expect from parish to parish between each State, and the difference in each State, no matter in the authorizing act that you use home equity. That means different things in different States for sure.

There is a substantial question in my mind raised when that is a standard that can ever be used, because it can't be applied equally. It is one thing to say purchasing powers will differ from State to State. When you talk about assessing homes and how homes are valued and the various marketing influences that go into that—you talk about using three times the income factor, but does that really get after the problem well enough, or is this something we ought to use at all because it is subject to such fluctuation?

Mr. **Flemming**. We thought very hard and carefully on that issue, and we do believe that home equity does help determine the financial strength of the family as far as the contribution that that family should provide toward the student's education. Because that is certainly a current premise of financial aid in the country, that the family and student will contribute something toward the education based upon their ability to do so.

We certainly feel the equity should be counted in some fashion. Again, we don't want it to reflect an unreasonable inflationary amount of equity—actually, in some cases will cause a family not to qualify for financial aid. We feel it should be tied to the income level. And we have looked at the analysis—the college scholarship service did, and it looks equitable. It will cause part of that equity to count toward the contribution.

Ms. **Fong**. There is really no good way. We did an analysis for a couple of students, and it is softer treatment for the student who—we have a lot of students who have worked full time, one who has bought a condo in Hawaii. It has gone up so tremendously—with need analysis absolutely nothing. The contribution was so great. We tie it to her income at three times, and it is about half. She is still not eligible, but it is not as harsh a treatment.

Mrs. **Mink**. I think what the Congressman is suggesting is the appropriateness of having any home equity factor at all in these assessments. Since you already are doing the income, why not think bigger and suggest to this committee that you do away with it altogether? What is wrong with that?

Mr. JEFFERSON. I think she is right. At least, I am trying to make the point here that if we adopt a standard it ought to be universally applicable, if you will, in an equal fashion.

When you take the home equity issue, automatically we have to admit it is arrived at in so many different ways from State to State until there is no way you can treat students the same. We talk about the increases of homes in Hawaii. If someone looks at a financial statement and sees a huge equity there which we know is not available to the student to pay his or her college, whatever, and then when the prices go up it doesn't necessarily mean—what I found, frankly, my experience is it is very different—the way it is arrived at is very different, so you have built in a standard that is totally unworkable.

Beyond that, if you use it once you can't use it again. For a parent with more than one child you keep looking at the same equity standard. You make a few adjustments, but you keep looking at what they have, and it is not available for two reasons. Home equity is really not available for people to use. It puts too much of a strain on parents to expect them to use home equity.

If you have a parent with a huge expensive home, then there will probably be some income parallel with that. We are not talking about someone who is sitting on some million dollar home, because in order to pay for it the person has got to have something that is quite substantial to go along with it.

I wonder if we can take a standard like home equity and use it at all. No matter what we do—whether we say two times or three times or five times, it doesn't make any sense to me.

Ms. FONG. May I suggest if Congress decides that financial strength does not have to become an issue, hallelujah for all the Hawaiian people. Take that home equity out, and we will have a lot more students qualify for the aid they need to attend schools of their choice. We would go along with that.

Mrs. MINK. All the heads were nodding, may the record show.

Any other questions?

Mr. FLEMMING. Madam Chairman, could I make a couple other comments?

Mrs. MINK. Sure.

Mr. FLEMMING. I wanted to say a couple of things on behalf of my University of Hawaii-Pacific. I want to mention things that have to do, basically, with contributions to the matching funds that were mentioned earlier this morning.

We are concerned about the administration's proposal that institutions provide a dollar per dollar match for SEOG awards to students as well. Contrary to the opinion expressed in the administration's summary of proposals that schools receiving Federal SEOG allotments have broad discretion to make awards that serve institutional objectives as well as the needs of low income students, we find in administering that program little or no discretion outside of helping meet the needs of eligible students.

This proposal, if implemented, would seriously jeopardize our ability to administer the program since adequate matching funds may not be available or, at a minimum, funds would have to be redirected from other educational needs. And in the long run we feel this proposal could force independent schools to increase their tuition, thereby further limiting educational opportunities for many students. And as I believe I mentioned earlier, the PACFAA report would recommend capping the SEOG at a 20 percent level.

The other thing I would like to mention is, like the SEOG proposal, we do not support the administration's plan to increase employer's share of college workshare payment to students from 30 to 50 percent next year. Although schools do recognize some benefit in decreased labor costs by employing students, we feel the primary purpose of this program is to provide a practical application or training experience to supplement a student's overall postsecondary learning experience while again, at the same time, allowing the student to help finance his or her education.

We agree providing an institutional share of a student's part time wage does establish a partnership between the Federal Government and the school that we feel is appropriate. However, the institution's share of a contribution should be reasonably proportioned, and it should be phased in over time.

We believe there are many schools without the financial ability to meet the 50 percent requirement for all the students that desire to work. This condition will force many schools to reduce the scope of their work/study programs, abandoning the needs of students, as I mentioned before, to less rewarding alternatives. And, again, we recommend that the share and the work/study program remain at the current 30 percent level.

Mrs. MINK. Thank you very much. No further questions. We thank you very much for your testimony and your attendance.

[Recess.]

Mrs. MINK. All right. The subcommittee will reconvene and we will take panel number 5 and we have Sybil Kyi of the State Council, Dr. Musto, Executive Director, University of Hawaii Professional Assembly; Buzzy Hong from Hawaii Building Construction Trade Council and Warren Chong.

Welcome to the subcommittee and hearings on higher education reauthorization. We call on Sybil Kyi.

All of your written statements submitted will be incorporated in your testimony as now delivered. We ask that you summarize your comments and try to keep your testimony to 5 minutes. We would appreciate it. Thank you.

STATEMENTS OF SYBIL KYI, EXECUTIVE DIRECTOR, STATE COUNCIL ON VOCATIONAL EDUCATION; J.N. MUSTO, EXECUTIVE DIRECTOR, UNIVERSITY OF HAWAII PROFESSIONAL ASSEMBLY; WILLIAM "BUZZY" HONG, HAWAII BUILDING AND CONSTRUCTION TRADES COUNCIL; AND WARREN CHONG, HAWAII CARPENTERS UNION, LOCAL 745, KAILUA-KONA, HAWAII

Ms. KYI. Chairwoman Patsy Mink, Representative Washington and Representative Jefferson, I thank you for this opportunity of the Higher Education Act. I am Sybil Kyi, Executive Director of the Hawaii Commission on Employment and Human Resources, State Council on Vocational Education and Tourism Training Council.

I would like to share my views and concerns on how the Higher Education Act can and should relate to developing a competitive work force, some particular needs for Hawaii and the erosiveness evidenced in the national administration's proposed reauthorization measures.

Recently, I have had the experience in the reauthorization of the Carl Perkins Vocational and Applied Technology Act of 1990 and current discussions on the amendments to the Job Training Partnership Act, both of which emanate from your committee, and both of which address the development and improvement of education and employment training programs.

And the critical linkages in both these major federally-funded programs are the role and services from postsecondary education institutions and training providers. It is no accident that industries requiring higher worker skills in their businesses have chosen to locate near institutions of higher education that are willing to develop collaborative education and training opportunities.

Hawaii's efforts to diversify its economy, obtain business tenants for its high technology parks and attract the new businesses who demand workers with higher level skills will depend largely upon the extent to which partnerships between higher education institutions and economic development can be forged. Rather than weaken the provisions of Titles I, VIII and XI in the Higher Education Act, as called for in the administration's proposal, these areas for serving nontraditional students, providing cooperative education program assistance and developing partnerships for economic development should be strengthened.

This would reflect consistent action with other education and employment training congressional legislation. More importantly, this would also enable postsecondary education institutions to build their capacities to prepare students for the work force, to continue to serve those already in the work force who will need to upgrade and acquire new skills to remain competitive in the work force and to be the key human capital providers in the business/education partnership.

Those countries who are competing successfully in the global economy have established and invested in the collaborations between their industries and higher education systems. Can we afford to do less?

Hawaii is unique because it is the only island State in the union of the United States. It is also unique because it is a place where we can say you have met the future and it is us. Other States are becoming more like us because their populations are becoming more multi-ethnic, there will be no majority groups, increasing numbers of women need to work and a significant portion of the population are foreign immigrants and non-English speakers.

Public postsecondary enrollment indicates that well over a third of Hawaii's high school graduates from both public and private secondary schools have entered higher education annually in Hawaii in the last decade. Add another 15–20 percent of high school graduates who choose to pursue higher education opportunities out of State and you will know the high values placed on education by Hawaii's people.

Data from the State's seven 2-year community colleges show that the proportion of women students continues to rise and is nearly three-fifths of the total enrollment.

This figure correlates with the proportion of women in the labor force which is the third highest female labor force participation rate in the Nation. Part-time students continue to be the rule rather than the exception on all campuses and is directly related to the cost-of-living in Hawaii and in recent years to worker shortages.

The cost of going into higher education in Hawaii is, I believe, a function of living costs in Hawaii, where 30-40 percent of a family's budget may be going toward housing costs. Hawaii's poverty family threshold is pegged higher because of higher living costs. Our higher living costs are also recognized by the Federal Government which gives its workers a cost-of-living pay differential.

The fact that it is becoming more difficult for low income families to keep up is illustrated by the number of families in Hawaii who are in poverty status (1988 figure) which represented an 11 percent increase from 1987 and a 29 percent rise from 1979.

What do these particular characteristics of Hawaii's people mean for higher education? It means that minority individuals need to continue to be assisted in accessing and completing higher education. We need to remember that minorities is in terms of providing educational opportunities, not so much a representation in the general population, but the extent to which they are underrepresented in higher education and in the higher skill levels of the work force.

It means that women, who are increasingly carrying the burden of heading single-parent families, need to be provided expanded opportunities for higher education with child care support services.

I cannot agree that qualifications for financial assistance should exclude part-time students when they are the very ones who are motivated to help themselves, and an increasing number of students, especially in postsecondary vocational programs, are part-time. I cannot agree that Vietnam-era veterans' higher education needs have been met.

The adjustment for many of them has been a slow and painful process and for our Nation to withdraw potential educational assistance despite their declining numbers, is to deny that many may still need the chance.

I cannot agree that child care services for disadvantaged college students should be ignored and left unfunded. What the administration proposes to substitute in tax credit provisions, State-administered voucher programs for schools to operate child care programs really provide only for those with adequate incomes, shifts the child care burden onto States and shirks responsibility for national leadership in child care support. I cannot agree that the Federal share in work-study and cooperative education should recede with States and higher education institutions assuming the slack of our national government.

I believe there are words that place barriers to potential achievement in higher education. From my perspective as a human resources advocate with a lifetime of service in government programs to help the less fortunate, the administration's higher education bill would result in impoverishing our Nation's higher education resources and capabilities at a time when we need to develop the best work force.

We cannot simply talk about being a leading power in the world without having a leading economy. We cannot be a leading economy without the human talents which can only be nurtured by fully capitalized higher education institutions and access to them for a wide variety of people

[The prepared statement of Sybil Kyi follows:]

TESTIMONY
ON REAUTHORIZATION OF THE HIGHER EDUCATION ACT

by

Sybil Kyi, Executive Director
Hawaii State Commission on Employment and Human Resources
State Council on Vocational Education
State Tourism Training Council

to the
U.S. House of Representatives
Committee on Education and Labor
SUBCOMMITTEE ON POSTSECONDARY EDUCATION

University of Hawaii at Hilo
Campus Center, Rooms 306–307
July 1, 1991

Mr. Chairman, Congresswoman Patsy Mink and Members of the Subcommittee:

I thank you for this opportunity to share my views on the importance of the reauthorization of the Higher Education Act. I am Sybil Kyi, Executive Director of the Hawaii Commission on Employment and Human Resources, State Council on Vocational Education and Tourism Training Council. I would like to share my views and concerns on how the Higher Education Act can and should relate to developing a competitive work force, some particular needs for Hawaii and the "erosiveness" evidenced in the national administration's proposed reauthorization measures.

Recently, I have had the experience in the reauthorization of the Carl Perkins Vocational and Applied Technology Act of 1990 and current discussions on the amendments to the Job Training Partnership Act, both of which emanate from your Committee, and both of which address the development and improvement of education and employment training programs. Critical linkages in both these major federally-funded programs are the role and services from postsecondary education institutions and training providers. JTPA programs and their disadvantaged clients are heavily dependent upon the responsiveness of public postsecondary education and training. The JTPA clients' initial success in higher education may lead to continued learning, in which case, the range of support offered under the Higher Education Act becomes an invaluable resource. In one of Hawaii's four JTPA service delivery areas, the provider is also the administrative entity. JTPA clients are not only serviced on a postsecondary education campus but are offered all of the student support services.

In the Carl Perkins Vocational Education Act, Congress has focussed on serving special populations, lower income school communities and promoting stronger relationships, even collaborations with business industry groups and with lower education partners. It is no accident that industries requiring higher worker skills in their businesses have chosen to locate near institutions of higher education that are willing to develop collaborative education and training opportunities. Hawaii's efforts to diversify its economy, obtain business tenants for its high technology parks and attract the new businesses who demand workers with higher level skills will depend largely upon the extent to which partnerships between higher education institutions and economic development can be forged. Rather than weaken the provisions of Titles I, VIII and XI in the Higher Education Act, as called for in the administration's proposal, these areas for serving nontraditional students, providing cooperative education program assistance and developing partnerships for economic development should be strengthened. This would reflect consistent action with other education and employment training Congressional legislation. More importantly, this would also enable postsecondary education institutions to build their capacities to prepare students for the work force, to continue to serve those already in the work force who will need to upgrade and acquire new skills to remain competitive in the work force and to be the key human capital providers in the business/education partnership. Those countries who are competing successfully in the global economy have established and invested in the collaborations between their industries and higher education systems. Can we afford to do less?

Hawaii is unique because it is the only island state in the union of the United States. It is also unique because it is a place where we can say you have met the future and it is us. Other states are becoming more like us because their populations are becoming more multi-ethnic, there will be no majority groups, increasing numbers of women need to work and a significant portion of the population are foreign in-migrants and non-English speakers. Our fastest growing population areas and, therefore, our public school enrollment areas are on Maui, Kauai and Hawaii Counties, followed by Leeward and Central Oahu. Our fastest growing ethnic groups are the Native Hawaiians, Hispanics, Blacks, other Pacific Islanders and those of multi-ethnic origins.

Public postsecondary enrollment indicates that well over a third of Hawaii's high school graduates from both public and private secondary schools have entered higher education annually in Hawaii in the last decade. Add another 15-20 percent of high school graduates who choose to pursue higher education opportunities out of state and you will know the high values placed on education by Hawaii's people. Data from the state's seven two-year community colleges show that the proportion of women students continues to rise and is nearly three-fifths of the total enrollment. This figure correlates with the proportion of women in the labor force which is the third highest female labor force participation rate in the country, after those of Nevada and Alaska. Part-time students continue to be the rule rather than the exception on all campuses and is directly related to the cost-of-living in Hawaii, and in recent years to worker shortages.

The cost of going into higher education in Hawaii is, therefore, also a function of living costs in Hawaii where 30-40 percent of a family's budget may be going toward housing costs. Hawaii's poverty family threshold is pegged higher because of our higher living costs. Our higher living costs are also recognized by the federal government which gives its workers a cost-of-living pay differential. The fact that it is becoming more difficult for low income families to keep up is illustrated by the 8 percent of families in Hawaii who are in poverty status (1988 figure) which represented an 11 percent increase from 1987 and a 29 percent rise from 1979.

What do these particular characteristics of Hawaii's people mean for higher education? It means that minority individuals need to continue to be assisted in accessing and completing higher education. We need to remember that minorities in terms of providing educational opportunities are not so much a representation in the general population as the extent to which they are under-represented in higher education and in the higher skill levels of the work force. It means that women, especially those who increasingly carry the burden of heading single parent families, need to be provided expanded opportunities for higher education with child care support services. It means that financial assistance should expand for the increasing numbers of those without adequate resources, regardless of other sources of potential assistance which may not prove adequate or may be designed more for other purposes.

I cannot agree that qualifications for financial assistance should exclude part-time students when they are the very ones who are motivated to help themselves, and an increasing number of students, especially in postsecondary vocational programs, are part-time. I cannot agree that Vietnam-era veterans' higher education needs have been met. The adjustment for many of them has been a slow and painful process and for our nation to withdraw potential educational assistance despite their declining numbers, is to deny that many may still need the chance. I cannot agree that child care services for disadvantaged college students should be ignored and left unfunded. What the administration proposes to substitute in tax credit provisions, state administered voucher programs and for schools to operate child care programs really provide only for those with adequate incomes, shifts the child care burden onto states and shirks responsibility for national leadership in child care support. I cannot agree that the federal share in work-study and cooperative education should recede with states and higher education institutions assuming the slack of our national government.

In section after section of the administration's proposed amendments to the Higher Education Act of 1965, as Amended, are refrains called repeal, consolidate, changes to streamline, remove set-aside, merge, eliminate, limit and simplify. These are not words to encourage access to higher education. They are words that place barriers to potential achievement in higher education. From my perspective as a human resources advocate with a lifetime of service in government programs to help the less fortunate, the administration's higher education bill would result in impoverishing our nation's higher education resources and capabilities at a time when we need to develop the best work force. We cannot simply talk about being a leading power in the world without being a leading economy. We cannot be a leading economy without the human talents which can only be nurtured by fully capitalized higher education institutions and access to them for a wide variety of people.

Our nation's government should be an equally committed partner in the national enterprise of building an educated population and work force together with the states, business and industry. I ask that you as the Subcommittee on Postsecondary Education to prevent any erosion of the Higher Education Act and, instead, make the federal commitment even stronger to meet the challenges ahead for America.

Mrs. MINK. Thank you. Mr. Musto?

Mr. MUSTO. Thank you very much.

Congressman Jefferson and Washington, aloha. It is a distinct pleasure to testify before you this morning. I am the Executive Director of the union which represents all of the professoriate employed at all of the campuses in the University of Hawaii System. Although our union has been in existence since 1974, this is, I believe, the first opportunity that any one of us has had to testify before a congressional committee. Thank you for bringing Members of Congress here to Hawaii to listen to our concerns.

I am not going to read from my prepared statement. I want to emphasize some points it makes.

First of all, I think we need to set the stage. The stage is a new stage entirely. Terms like life-long learning are no longer simply slogans. They are an integral part of the necessary technological and economical development of this country.

If we do not address them, we will give up on our own economic future. Other terms that have been used today are no longer relevant terms like 2-year colleges and 4-year colleges. Relating the number of years necessary for a particular degree is quite misleading. It takes on average 11 semesters to complete an Associate of Arts or Associate of Science degree.

The average for a baccalaureate degree is probably in excess of 5 years. Certification to community colleges allied health program takes 90 credit hours. The distinctions we have classically had on postsecondary education are truly falling by the wayside. We certainly do not want to write legislation or create future policy predicated on what might be our traditional notions of what postsecondary education is supposed to look like.

Many have spoken to the other major issue and that is people both for their own development and out of economic necessity are relying upon higher education on a part-time basis. They do not have the choice of going full-time, and sometimes they don't have the choice of going half-time.

Half-time seems to be one of those places that we draw lines. And if you are half-time or more you are given benefits. But, however, if you are less than half-time, no benefits arise.

We would suggest that the University of Hawaii and other States of the union, as well as the Federal Government should not choose to subsidize students on the basis of their ability to take classes from 8 a.m. in the morning until 5 p.m. in the afternoon on Monday through Friday, or on their ability to take a certain number of credit hours.

In addition, we hope there will be substantial changes in the Pell Grant program to make it a bit more realistic for those persons truly in need of aid, and enhancements in the college work-study program and the supplemental opportunities grant. In addition to that we would like to suggest that there be a new paradigm—I hate that word—in our view, of support for higher education, and to that end our testimony includes a proposal drafted principally by Dr. Bluestone entitled, "The Equity Investment in America Program."

It is a unique program. It is not entirely novel. I think the only thing that might be novel about it is the concept can be found in both conservative and liberal political persuasions. Dr. Bluestone, I believe, would probably be put on some liberal portion of the scale, but Milton Friedman, earlier on, a quite conservative economist, also proposed something similar to this.

We think, however, the Bluestone proposal goes towards an area which can help persons, because it eliminates the kind of artificial distinctions that we have had about our ability to take classes when we take classes and our part-time status and so forth.

I will not go into detail, but I hope you take the opportunity to read the congressional record where Dr. Bluestone and his colleagues have outlined the proposal—it is attached to our testimony.

I would also like to point out to you that the Honorable Senator from the State of Hawaii, Daniel Akaka, last Thursday introduced a new bill into the Senate which was entitled, "the Income Dependent Educational Assistance Loan Act of 1991."

Senator Akaka has taken off in the direction that Dr. Bluestone lays out in his program, offering a slightly different funding mechanism, rather than the support through the Social Security Trust Fund as the lender initially of the program.

We support vigorously Senator Akaka's efforts in this regard and we would encourage the House and your committee to take a look at this as well, because they both represent a real shift in the view that we use towards funding assistance to students and higher education in general.

It eliminates all of the other kinds of questions in large part that we have to ask about whether your house is three times your income, whether there are other factors. It really does level the playing field and gives everyone an opportunity and access to funding.

I think that the questions that can be raised can be answered and addressed. We are very encouraged by this as a proper and productive future for us and with that I want to end with this note. The United States of America, by every measure has probably the best postsecondary education in the world.

As much as we talk about how poorly we tend to do in the K–12 setting, no one has disputed at least since 1958, the colleges and universities and development and access to higher education in the United States has been exemplary. It is that thing, really, which keeps us hanging on in our competitive edge, intellectually, economically, socially.

We need to make sure that we continue to support that. The Higher Education Reauthorization Act is as Congresswoman Mink stated in her opening comments. It is a vital piece of legislation.

It is vital to the history of the United States in the 21st century. I encourage you to be bold in your proposals, to not simply say well, this is the way it is. These are the current limitations. Let's challenge the country. Let's challenge the current executive administration in Washington. Let's go beyond what is.

Thank you.

[The prepared statement of J.N. Musto follows:]

STATEMENT OF DR. J.N. MUSTO
EXECUTIVE DIRECTOR
UNIVERSITY OF HAWAII PROFESSIONAL ASSEMBLY
BEFORE THE
HOUSE COMMITTEE ON EDUCATION AND LABOR
UNIVERSITY OF HAWAII HILO CAMPUS
JULY 1, 1991

Chairman Ford, Representative Mink, and Members of the Committee:

It is a distinct pleasure to testify before you this morning. I am the Executive Director of the union which represents all of the professoriate employed at all of the campuses in the University of Hawaii System. Although our union has been in existence since 1974, this is, I believe, the first opportunity that any one of us has had to testify before a Congressional committee. Thank you for bringing members of the Congress here to Hawaii to listen to our concerns.

We are here today to testify on behalf of the Reauthorization of Higher Education Act. Much has been said about the state of American education, as compared to that which other nations offer their citizens. Despite criticism, one aspect of American public education, her colleges and universities remain the best in the world. Our nation maintains its technological position, as well as its economic position, because of the education and research opportunities afforded in America's colleges and universities.

The Higher Education Act of 1965, now being considered for reauthorization, is a successor to the National Defense Educational Act of 1958. That Act revitalized American science and education. The Higher Education Act built upon it to provide money for student aid, to provide for the development of

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the Pell Grant, as well as the Guaranteed Student Loan Program. Federal aid to post-secondary education has done more to broaden the middle class and to improve the quality of life for all Americans than virtually any other single legislative action. What this Act does is help to give every student an opportunity to fulfill his or her dream. This Act attempts to give young Americans a level playing field with those who might be more economically advantaged than themselves.

We, here in Hawaii, have a single statewide system of public education which feeds into a single statewide system of public post-secondary education. At the same time, Hawaii's citizens are burdened by what many contend to be the highest cost of living in the nation. Simultaneously, more so than any other state in the Union, we are influenced by, and have contact with, the countries of Asia and the Pacific Rim. Hawaii's educational strategic importance to the nation ought to be underscored and, because we have a single system feeding into a single system, a high cost of living and multi-ethnic population, we need Congress to reauthorize those policies and allocate those resources which will serve the needs of Hawaii students and, by extension, the needs of our country.

Currently, the maximum Pell Grant available to students from low income families is $2,400 - a figure which is generally far too low to pay the cost of education - also, the maximum family income to qualify for the grant is far too low.

The Guaranteed Student Loan Program, which has, in large measure, taken the place of grants is, we believe, inadequate in that it tends to price too many people out of the education marketplace. The best thing that we think can be said about the Guaranteed Student Loan Program is that it is better than nothing. However, we believe that our government ought not be satisfied with "better than nothing." The American people deserve more, and that is why we support the Equity Investment in America Program, which has been promulgated by Dr. Barry Bluestone of the University of Massachusetts and three others. We think that the federally sponsored grants and loan programs ought to be expanded; but we think that this expansion should come in conjunction with the Bluestone proposal which is entitled, "Equity Investment in America." This proposal, which our own Senator Akaka favors, would dramatically change the face of post-secondary education in America. It is a universal program not related to income and not requiring a "needs test." It can be applied to training and retraining, as well as college and university education, and it proposes to replace itself with the current patchwork system of loans and grants for higher education now in effect.

Time does not permit us to go into the particulars of the Bluestone proposal at this time; however, we have appended it to our testimony today in order that the Committee may study it at its leisure. You should know too, Mr. Chairman and Members of the Committee, that our union has invited Dr. Bluestone to address our members on January 18, 1992. We believe that his proposal is of sufficient worth that you should consider instituting it as a federal program.

Post-secondary education has become increasingly costly to its consumers, while simultaneously there is an ever expanding need for it. America cannot afford to be a country that educates only the elite and those who are so poor that they can qualify for grants.

President Lincoln was once quoted as saying that, "Government should do for the people what they cannot so easily do for themselves." This is precisely the reason that government ought to provide a far greater portion of its available resources to students to attend post-secondary institutions of education. Whether a student is going to school full time or part time, aid ought to be provided by the government to enable students to get an education.

It is important, in closing, to remind the Committee that more and more of America's post-secondary students work either full or part time and attend school part time. Very little is done to accommodate the needs of these part time students, and consideration also should be given to them. Education is a life-long learning process. The federal government, which owes its citizens opportunity, is itself benefited by the outlays of education dollars, because the correlation between more education, a high standard of living, and a broader tax base is inescapable.

Please put every available dollar into the hands of those who not only need it the most and can do the most with it, but who can return it as Americas profit in the best investment - America's students.

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FINANCING OPPORTUNITY FOR POST-SECONDARY EDUCATION IN THE U.S.: THE EQUITY INVESTMENT IN AMERICA PROGRAM

(By Barry Bluestone, University of Massachusetts; Alan Clayton-Matthews, Boston College; John Havens, Boston College; Howard Young, University of Michigan)

INTRODUCTION

The key domestic issues facing America in the 1990s will center on questions of "equity"—in both senses of the term. Equity means "fairness," but it also refers to investment such as corporate stock that pays dividends based on the "profitability" of an e[illegible] Equity stands in contrast to debt [illegible] requires fixed repayment no matter how profitable the firm.

The Equity Investment in America (EIA) program introduced here applies this dual meaning of equity to provide an entirely new way for students and workers to finance their own postsecondary education, training, or retraining. It is designed to mitigate the financial barriers to college and university schooling and vocational training for *all* students—regardless of income, age, or social background—by providing each U.S. citizen with a lifetime line of credit which can be used to pursue virtually any form of accredited or licensed schooling. Moreover, unlike conventional education "loans," EIA will not subject students to high fixed debt obligations immediately upon leaving school.

In combination with a proposed expansion in the federally sponsored Pell and Supplemental Educational Opportunity Grants (SEOG), as well as College Work Study subsidies, EIA will benefit those who in the past have been financially hampered from entering or completing a postsecondary education. But the program will equally benefit those in the middle class who are struggling to cope with the spiraling costs of education, but are presently barred from federal loan programs because they fail so-called "needs-tests."

What is more, EIA uses a unique funding source to provide the funds that students borrow. A portion of the growing surplus in the Social Security system would be lent to the EIA which in turn would make "equity award" loans to students who choose to participate in the program. The beauty of this mechanism lies in the demographics. According to computer simulations of the EIA program, repayments from students will be more than sufficient to fully compensate Social Security in the next century when there will be a larger number of retirees. Indeed, under a modest repayment schedule, EIA would actually be able to make financial contributions to the Social Security Trust Fund before the middle of the next century when the retirement system is expected to need additional funding.

Thus, the Equity Investment in America program can help solve not one, but two of America's most pressing problems: how to provide younger generations with the wherewithal to pursue the full education they and the country need, and how to provide older generations with adequate pension benefits at affordable payroll tax rates.

While differing in some significant respects from the extraordinarily successful "GI bill" that provided postsecondary education for millions of returning servicemen at the end of World War II, the Equity Investment in America plan borrows some critical components from that post-war legislation: *EIA is universal, not income or "needs tested"*; it applies to training and retraining as well as to college and university education; and it swaps a single comprehensive and expanded financing system for the current patchwork quilt of federal loans and grants for higher education.[1]

THE ECONOMIC RATIONALE FOR EIA

Few deny the proposition that to ensure its ability to compete effectively, the United States must reinvigorate its primary and secondary schools, increase its training and retraining efforts, and maintain its preeminence in college and university education. In a global economy where capital and technology are becoming infinitely mobile, the one factor that provides a nation with a competitive advantage is the caliber of its labor force. The nation's productivity, the quality and array of its products and services, and our standard of living will continue to suffer if we fail to invest in all levels of schooling.

This is particularly true of professional and technical training. Staying ahead in international competition in a technological age requires having sufficient teachers, engineers, scientists, and health providers. Colleges and universities are well positioned to meet these needs. It is also, however, necessary to develop a commitment to "lifelong" learning so that workers have the skills to move from one occupation or profession to another as economic conditions change. This requires a substantial expansion in vocational training and retraining, and the development of new "apprenticeship" programs in a whole range of fields. Simply put, a high school education in the 1990s is no longer a sufficient condition to successfully compete in the home market or abroad.[2]

One quantitative measure of the value of education beyond the high school diploma is the enhanced earnings that educational investments produce for those who pursue college and university training. We calculate that, in 1990 dollars, the present discounted value of completing some college beyond the high school degree over the lifetime of the average worker is approximately $110,000. The present discounted value of four or more years of college is nearly $500,000.[3]

While education has large payoffs for those who pursue it, those with too little of it are now heavily penalized. Access to postsecondary schooling is increasingly responsible for separating society's "haves" from its "have nots." The ratio of annual earnings of college graduates to high school graduates has increased from 1.5 to 1 in 1963 to over 1.8 to 1 in 1987—an increase of 20 percent. The widening gap is especially pronounced in the service sector where virtually all of the new jobs are found (Bluestone, 1990).

Whether one pursues school beyond the 12th grade is a function of many factors, but the financial barrier to postsecondary schooling is particularly important given the findings in a recent *USA Today* survey of high school graduates. One-third of those interviewed had delayed or indefinitely put off college because of the expense (Semerad, 1989, p. 184). Family income also plays a role in whether students remain in school. According to the U.S. Department of Education, only three percent of students with family incomes over $38,000 drop out in their first year of college. The dropout rate for students from low income families is closer to 18 percent (Kuttner, 1987, p. 20).

Moreover, for the most disadvantaged students—those from low and moderate income minority families—college enrollment rates have actually declined. The American Council on Education reports that college enrollment rates among blacks began to slide in the mid-1970s. For black men, the enrollment rate fell by 7.2 percentage points between 1976 and 1986. Intense college recruiting during the past four years has arrested the downward trend, but still black male enrollment has increased only slightly—from 436,000 to 443,000 students between 198 and 1988 (American Council on Education, 1989, p. 8).

The cost of postsecondary schooling is indeed steep and rising. Estimates by the American Council on Education of average student charges for the academic year 1988-89 are in Table 1. But these figures understate the actual cost for most students because they represent the costs for full-time and part-time students combined. Based on figures for the 1986-87 school year, the costs for full-time students are, on average, 17 percent higher than the figures in the table.[4] Moreover, in many of the elite private universities, annual tuition plus room and board fees now exceed $20,000 for undergraduates who attend full time. Schools such as Yale and Harvard have announced annual tuition and fee increases for 1990-9 that will bring the total to almost $21,000.

TABLE 1.—AVERAGE STUDENT CHARGES, BY TYPE AND CONTROL OF INSTITUTION, 1988-89

[Full time and part time combined]

	Total	Tuition and fees	Room and board	[illegible]
4 year public institutions (in State)	$5,923	$1,596	$2,879	[illegible]
4 year public institutions (out of State)	8,774	3,961	2,879	[illegible]
4 year independent institutions (private)	12,756	7,693	3,537	[illegible]
2 year public institutions (commuter students)	[illegible]	752	[illegible]	[illegible]

Source: The College Board, 1979, and College [illegible] as reported in American Council of Education, 1989.

Unfortunately, as the cost of schoolin has escalated, the federal government ha moved to disenfranchise middle class students from federal assistance by restrictin eligibility for grants. In 1979, the government set a $32,500 ceiling on family incom for a student to be eligible for grant support. Today, despite inflation, a family mu have an income no higher than $28,000 t be eligible for aid. Even then, if a student i still eligible for a grant, the amount provided has not kept up with increases in colleg costs. The largest of the federal loan programs, the Stafford Student Loan, provide a maximum of $2,625 per academic year fo the first two years of undergraduate stud and $4,000 for each subsequent year, up to five year maximum of $17,250. Hence, a student who takes out the maximum amoun of Stafford loans over four years still mus come up with another $9,750 on average t attend a public university and at leas $26,760 to go private.

The financial gap between the high cos of postsecondary schooling and the econom ic position of students and their families i surely not the only barrier that must b overcome to increase the number going o to college, university, or advanced vocatio al training. But, it is one of the major barriers, and one that can be well addresse with the EIA program as we shall try t demonstrate.

THE BASIC NATURE OF THE EQUITY INVESTMEN IN AMERICA (EIA) PROGRAM

To be sure, financing the EIA prograr will initially require substantial sums "Equity awards" under the program are expected to amount to over $40 billion pe year. Nonetheless, underwriting the program through current and projected Socia Security surpluses is a prudent way t obtain the resources. Administering the pro

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[1] Footnotes at end of article.

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gram can also be accomplished in an efficient manner. Here is how it would work:

EIA will use a portion of the mushrooming Social Security surplus to capitalize a new U.S. Department of Education agency, the EIA Fiduciary Trust. The Trust is responsible for raising the capital for the program, making EIA awards to students, and overseeing repayment to the program. Unique to the plan is an *income-contingent repayment system* that permits students to take up to 25 years (but not beyond age 65) to repay their EIA loans and allows their annual repayments to vary with the level of their own annual earnings.[5] In this way, EIA is a "pay as you earn" plan with a built-in insurance policy. If one's earnings decline or if one becomes unable to work, the amount of annual repayment automatically adjusts. The actual EIA repayment rate for each participant in the program is based on the amount of EIA funds borrowed, the year in which the funds are borrowed, and the student's age.[6]

The EIA Fiduciary Trust is empowered to set the repayment rates so that *on average* across all EIA participants the total principal awarded plus accrued interest is returned to the EIA Fiduciary Trust and thence to Social Security. In this way, the integrity of the public pension system can virtually assured. Indeed, well before the middle of the next century, modest repayment rates will allow the EIA program to actually contribute to Social Security after having fully discharged its debts to that system. In addition, the higher incomes associated with larger numbers of postsecondary-trained workers could even permit payroll tax rates to be lower in the future than would otherwise be the case.

EIA would begin by phasing out the two largest federal higher education loan programs—the Stafford and Perkins loans.[7] In their place, the EIA Fiduciary Trust would create an "equity"-based system of student credit with the following provisions:

Eligibility Requirements

To be eligible an applicant must be:

A citizen or permanent resident of the United States.

No older than 55 years of age.[8]

Maximum Investment Award

Maximum award of $10,000 per year, $40,000 lifetime (in 1990 school expense adjusted dollars).

Actual award is not permitted to exceed the cost of tuition and fees plus estimated room and board plus a stipulated amount for miscellaneous education-related expenses.

Use of Investment Award

Awards can be used at any state accredited or licensed postsecondary institution including vocational schools and new "apprenticeship" programs.[9]

Awards are "portable," transferable to other accredited schools.

Repayment Rates and Provisions

Repayment is income-contingent.

Repayment rates are based on amount of award, age of recipient, and year of award.

Repayment applies only to the first $50,000 of earnings, adjusted over time for average earnings growth.[10]

A buyout provision with a prepayment premium permits participants to complete EIA obligations at any time.[11]

Maximum repayment period is 25 years.

No repayments beyond age 65.

Participants repay their obligations through regular payroll withholding to the IRS.

Notification of Employers

Recipients are notified of award by EIA Fiduciary Trust.

Recipients are obligated to notify employers of EIA repayment rate.

Employers are responsible for withholding.

Self-employed recipients must file quarterly with IRS.

The EIA Fiduciary Trust would administer the entire program. Its key responsibilities include:

Processing Applications

Applications are made directly to the EIA Agency. The agency verifies eligibility, grants investment awards, and notifies recipients of their EIA rate and the terms of their payment obligations. Funds are not released directly to the recipient but to the institution or training program in which the recipient is enrolled. These institutions and programs provide local administration of the investment award for a modest fee.

Managing the EIA Fund

The agency obtains funds from the Social Security (OASDI) Trust Fund by issuing non-marketable special issue obligations to Social Security and by issuing marketable bonds to cover extraordinary demand for funds if the need arises. The Trust also makes repayments to the bondholders (i.e., the Social Security Trust Fund).

Establishing EIA Repayment Rates

The agency will determine the EIA rates in accord with prevalent economic conditions and projections. The rate schedules for future awards are periodically reviewed and adjusted in order to maintain the integrity of the fund.

Coordinating Repayments from Participants via IRS

The agency will cross-check its records with Social Security payroll taxes (FICA) to assure repayment obligations are being met.

Covering Agency Expenses and Recapitalization

To cover administrative expenses associated with the program and to recapitalize the program so that it is out of debt to Social Security before the middle of the next century, the repayment schedule has a built in 1.75 percent premium over the U.S. Treasury bond rate - .25 percent for administrative expenses, 1.50 percent for recapitalization. Under these terms, in 1991 the implicit interest rate in the program is expected to be 9.95 percent.

Congress could begin to implement EIA through a major revision in the Higher Education Reauthorization legislation. As EIA covers more and more students and as previous federal loans are paid off, the Stafford and Perkins programs can be phased out of existence.

THE BASIC STRUCTURE OF THE EIA PROGRAM

The organizational structure of the EIA program is diagrammed in Figure 1. (Figure 1 not reproducible in the Record.) The arrows represent the flow of funds. Funds flow into the EIA Fiduciary Trust Fund from three sources: (1) the Social Security Trust Fund (2) repayments from EIA fund recipients, and as needed (3) federally-guaranteed bonds, as a "safety-valve" source of revenue.[12] The EIA Fiduciary Trust, in turn, awards these funds to qualifying applicants via education and training institutions which provide local administration. As repayments are made to the EIA Fund (via the Internal Revenue Service) from students who participated in the program, the EIA fund repays the Social Security Trust Fund. Essentially, the Trust Fund loans part of its surplus to the EIA Fund in the years when the Social Security Trust Fu balance is growing and in future years repaid when the balance is scheduled shrink.[13]

THE PRACTICAL BENEFITS OF THE EIA PROGRA

Restructuring postsecondary education nance along the lines of the EIA progr deals directly with a number of problems herent in current methods of support students in their quest for schooling.

(1) EIA eliminates much of the morass current federal loan programs in favor one universal, comprehensive plan availal to all postsecondary students.

(2) EIA provides a substantially great amount of funds under superior terms most current programs, thus allowing st dents to better meet the rising cost of po secondary education.[14]

(3) EIA is available to all students in credited postsecondary schools regardless family income. There is no "needs test." is a middle class program every bit as mu as one aimed at the low and modera income student.[15]

(4) Since repayment is based on actu earnings, there is effective deferral of pri cipal and interest as long as the student pursuing full-time studies and has litt wage and salary income.

(5) As a result of income contingency a IRS collection, defaults are virtually elin nated—something that now costs the U Treasury in excess of $1.8 billion a year Moreover, stricter licensing of trade school with state oversight boards partially fund by a portion of the EIA administrative fe would provide effective sanctions again schools that are supplying inadequate or i appropriate training to students. This wou reduce the number of students whose i comes were not enhanced by their schoo ing.

(6) The EIA program applies equally to a forms of postsecondary schooling from a prenticeships and proprietary trade instit tions to graduate and professional school It does not discriminate between the st dent who pursues, for instance, an unde graduate degree in political science and on who seeks retraining as a welder or offic machine repairer.

(7) Racial and gender discrimination the labor market is not automatically rat fied as is the current practice under fixe obligation loans. The income contingent fe ture of the EIA program requires student to repay based on actual earnings and there fore takes full account of differences i earnings which arise for any reason.

(8) Because the EIA program is incom contingent, students will be more likely t enroll in programs that conform to thei academic strengths and career goals than i programs which simply hold out the prom ise of spectacularly high earnings that ca be used to repay fixed short-term loans This may mean slightly fewer student opting for law careers and MBAs and slight ly more students preparing for careers in el ementary and secondary school teaching nursing, and other fields where the mone tary rewards are smaller but the contribu tion to society is arguably no less and very likely greater.

(9) Under the EIA program, students pay for their own education as the benefits from that education become manifest. In most cases, this will remove a major financial burden from parents and place it on their children who benefit directly from the educational investment.

(10) Finally, the EIA program, by eliminating the need for the Stafford and Perkins loan programs, frees up $3.1 billion of federal education spending per year. These dollars—or at least a portion of them—could

be used to expand the Pell and SEOG grant programs for the most financially disadvantaged students.

There are likely to be other benefits as well; simplified and cheaper administration of education loans is surely one of them.

FINANCING THE EIA PROGRAM ON SOCIAL SECURITY DOLLARS

The potential benefits of EIA are clear, but why use Social Security funds to pay for EIA? The reason is that such a unique mechanism provides for a level of intergenerational equity not available through any other device and furnishes the Social Security Trust Fund with an investment opportunity second to none.

The rationale for using the Social Security surplus for EIA is summarized best in a recent lead editorial in *The New York Times*. Responding to the Moynihan proposal to cut the Social Security payroll tax, *The New York Times* reiterated a basic truth concerning virtually any public pension system: future benefits do not flow from retirement account surpluses but are ultimately paid for by future taxpayers (*The New York Times*, 1990).[11] The Social Security system, no matter how many trillions of dollars it might have in surplus on the books, is essentially financed on the nation's future productivity and earnings. The *Times* goes on to [illegible] a crucially important point:

> [illegible] much pain that causes [future taxpayers] depends on how much the economy grows between now and then. Future taxpayers won't mind the tax burden if they feel well off. *The best way to guarantee that is for the nation to invest in education and capital equipment.* (Emphasis added.)

The editorial's argument is sound. From a purely financial perspective, the question about future Social Security benefits boils down to what possible investments can be made today that will virtually guarantee a stream of income for pension benefits 30 to 40 years from now. One would not think of stock in Merrill Lynch nor even General Motors as a secure enough vessel for this purpose. Public investment in the skills of the nation's workforce is, as the *Times* suggests, clearly another matter. If we can boost future taxpayers' income, then those taxpayers should willingly contribute to the pensions of the generation that comes just before them. Indeed, it is possible to pay some portion of future Social Security benefits out of the extra earnings generated by a better educated, higher skilled, and better paid workforce. It is precisely this reasoning that provides the foundation for the EIA plan.

A SIMULATION OF THE EIA PROGRAM IN ACTION

There is, of course, at least one remaining issue. Is the EIA program as outlined here economically feasible? Put simply, "will it work?" We can analyze this question from [illegible] perspectives:

[illegible] *he individual who may be a recipient of investment awards.* How large will the repayments have to be for given EIA awards?

(2) *The funding agencies involved in capitalizing the program.* What would the unified EIA accounts look like over time? Would there be a time when the EIA fund (or the Social Security fund) is in danger of bankruptcy?

To address these questions the EIA program was simulated using a uniform set of assumptions and a computer simulation model developed for this analysis.[12] Combining estimates from a variety of sources and drawing assumptions from a number of government agencies, the model was first used to simulate conditions for typical program participants. The model demonstrates their repayment schedules under various assumptions about the size of EIA awards, the participant's age, and likely earnings streams. The model was then used to project a set of accounts for the program through the year 2070.

A full detailed set of simulation results can be found in a special appendix, available from the Economic Policy Institute upon request.

CASE STUDIES

To demonstrate what the EIA program would mean to individual participants in terms of their repayment schedules, four hypothetical case studies have been simulated.[13]

Case 1: Traditional College Undergraduates

Bob and Mary both enter college in 1991 and in each of four years of undergraduate study take the equivalent of $5,000 (in 1990 dollars) in EIA awards. Under the assumptions of the model, both will pay a repayment rate equal to 6.53 percent of annual pre-tax earnings (for earnings below the $50,000 cap adjusted for average earnings growth) for the next 25 years in order to repay the EIA Fiduciary Trust.

A portion of Bob's repayment schedule (in 1990 dollars) looks like this:

Age	Expected pre-tax earnings	EIA payment	Percent of earnings
25	$33,640	$2,197	6.53
30	46,320	3,025	6.53
40	63,911	4,173	6.53

Mary's repayment schedule reflects a lower earnings stream. (This might be due to occupational or wage discrimination.)

Age	Expected pre-tax earnings	EIA payment	Percent of earnings
25	$26,560	$1,734	6.53
30	17,500	1,143	6.53
40	40,750	2,661	6.53

Both Bob and Mary complete their obligations to EIA when they reach age 45 in the year 2016. Note that while Bob and Mary both pay 6.53 percent of their earnings in EIA repayments at age 25, Bob pays 27 percent more than Mary because of his higher income. Moreover, in this example, Mary pays only $1,143 when she is 30 for in that year she worked half time immediately after the birth of her first child.

Case 2: Advanced University Degree

Alex and George make the same EIA investment of $20,000 in their undergraduate careers and then add three years of graduate training for an additional $20,000 in EIA awards. The calculated EIA rate on this sizable total award is 11.60 percent of earnings up to the earnings cap of $50,000.

Alex's dollar repayments rise as his income increases (and as the earnings cap rises with the average wage in the labor market). However, because both Alex and George reach the cap soon after their 30th birthdays and their earnings continue to grow faster than the increase in the cap, their repayment rates as a percent of income declines. At age 40, Alex wins a promotion within his firm along with a large raise. However, since he is already at the earnings cap, his annual payment increases by less than $500 between ages 35 and 40:

Age	Expected pre-tax earnings	EIA payment	Percent of earnings
30	$55,206	$6,113	11.07
35	66,657	7,205	10.81
40	[illegible]	7,710	[illegible]

George's repayment rate declines, but more slowly than Alex's. By age 40 he is paying the maximum like Alex, but because of his lower annual wage, he pays a slightly higher proportion of his income:

Age	Expected pre-tax earnings	EIA payment	Percent of earnings
30	$46,716	[illegible]	11.60
35	65,121	[illegible]	[illegible]
40	78,964	7,710	9.76

The EIA program works just as well for the "non-traditional" student, as Case 3 demonstrates.

Case 3: Non-traditional Part-Time Undergraduate

At age 30, Barbara decides to earn her BA degree on a part-time basis while continuing to work.[14] Beginning in 1991, Barbara takes out an EIA award of $2,500. Over the six years it takes her to graduate, she obtains $15,000 worth of EIA awards. At age 36, Barbara has just graduated and she is earning $25,070 (in 1990 dollars). Her EIA payment is $1,087 or 4.34 percent of earnings. Had Barbara not gone to college, she would have earned at age 36, according to our simulation, $3,187 less. As a result, her EIA repayment that year was equal to about 34 percent of her additional earnings. Later in her career at age 52, Barbara is earning $40,460. Her EIA payment is now $1,755, still 4.34 percent of earnings. If for some reason Barbara did not work at all when she was 52, her EIA payment would be zero.

Case 4: Vocational Training

Michael decides to enroll in a vocational retraining program at age 45 after losing his job at an auto parts manufacturing firm. Michael takes and EIA investment award of $2,500 in 1991 to invest in his training. After completing a training program in computer programming, he gets a full-time job that pays $28,371. That year he repays $324 to the EIA Trust Fund or 1.14 percent of his total earnings. Ten years later at age 59, Michael is still working as a programmer and making $36,898. His payment to EIA is $421. Relative to what he would have made without the training, we calculate that Michael is paying only about 6 percent of his additional earnings in EIA payments.

These are but four of literally thousands of "cases" that could be simulated. The basic point is the same. By using an extended repayment period and by protecting participants against high costs when they are unemployed or their incomes lag, the EIA program provides students with an affordable and equitable method for financing their own educations with built in insurance against what financial experts call "downside risk."

SIMULATED ACCOUNTS FOR THE EIA FIDUCIARY TRUST AND THE SOCIAL SECURITY TRUST FUND

Given the size of the potential market for EIA awards, it will take hundreds of billions of dollars over the first decade to fund the program. Will there be sufficient funds to cover its cost? Will the EIA Fiduciary Trust

TABLE 2.—EIA FIDUCIARY TRUST ACCOUNT BASIC SCENARIO

[All dollar figures are in 1990 dollars]

Year	Number of participants (millions)	Average EIA awards	EIA [illegible] borrowing (billions)	EIA student repayments (billions)	Net EIA fund balance (billions)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
[illegible]	[illegible]	[illegible]		[illegible]	[illegible]

[1] In current dollars, [illegible] in the year 2012. [illegible]

Source: [illegible]

be in a position to repay the money it borrows from the Social Security surplus? By the middle of the next century will the EIA fund or Social Security be in jeopardy of bankruptcy?

To answer these questions, a computer simulation of the overall EIA program was conducted. The simulation was based on the same economic assumptions as in the individual EIA participant cases. Additional assumptions about potential college enrollments were obtained from the U.S. Department of Education and Social Security Trust Fund projections were taken from the 1990 Social Security Annual Report.

As it turns out, the demographics are definitely in our favor. Population projections indicate that the traditional college age population will not grow significantly during the rest of this century or, for that matter, the 21st. Even with a possible ten percent increase in college and university enrollments induced by the incentive of the EIA program, a 50 percent program participation rate, and meeting a goal of three percent of the labor force using EIA assistance for training and retraining each year, the total number of annual EIA awards is expected to increase by no more than 400,000 between 1991 and the year 2010. After that, enrollments are projected to slowly decline. As a result, it is unlikely that there will be an unanticipated explosion in the size of the EIA program.

We project that EIA will assist about 9 million students each year—between 7 and 7.5 million college and university students and about 1.7 million in vocational programs. We assume an average annual award that rises from approximately $4,400 in 1991 to over $8,500 in 1990 education cost adjusted dollars by the middle of next century. This takes into account prorating of the annual limits on awards for public and private education and two and four year programs.

Even with participation of this magnitude, the program fits well within the size of projected Social Security surpluses. According to the simulation, the Fiduciary Trust's debt to Social Security will grow over the next 30 years, reaching a peak of about $1.6 trillion in current dollars ($494 billion in 1990 dollars). Thereafter, repayments into the EIA fund will finance new advances to students and reduce the net outstanding balance owed Social Security. By the year 2032, EIA will no longer need to borrow from Social Security and will begin to accumulate assets. By the year 2030, the loans from Social Security could be fully repaid. After that, the EIA fund could provide a substantial return to Social Security. In this way, Social Security could eventually receive a return over and above the interest on the loans it made to EIA (see Table 2).

Basic Assumptions: Dividend payments are made for a maximum of 25 years; College enrollment increases by 10 percent over current U.S. government projections because of EIA incentive; 3 percent of the labor force enrolls in training programs each year; 50 percent of students participate in EIA at an average award of 60 percent of the maximum; EIA repayment rates set to yield 1.75 percent above Treasury rate; Real tuition rises by 3 percent per year through 2000, 1 percent thereafter; and EIA borrowing from Social Security requires periodic interest payments and repayment of principles after fifteen years.

Moreover in the short run, EIA will not jeopardize the Social Security bank before large scale student repayments begin to materialize. The 1990 Social Security Annual Report forecasts that the Social Security Fund surplus will increase from $297 billion in 1991 to nearly $9.2 trillion by 2025 before declining back toward zero (see Figure 2). (Figure 2 not reproducible in the RECORD.) As a result, total cumulated EIA borrowing from Social Security—under the liberal assumptions used in this simulation—never amounts to more than 42 percent of the Social Security surplus and the percentage falls rapidly after the turn of the Social Security surplus and the percentage falls rapidly after the turn of the century (see Figure 3). (Figure 3 not reproducible in the RECORD.) EIA fits well within the current projected levels of Social Security surpluses. The "negative" balances in the two figures indicate a positive surplus that ultimately could be transferred to Social Security.

QUESTIONS AND ANSWERS ABOUT THE EIA PROGRAM

Any new financing program for education as far-reaching as EIA will inevitably raise a number of serious questions. We try to deal with some of the most pressing ones here.

Q. Won't the implementation of such a large scale program as EIA run the risk of adding too much to what we already spend on postsecondary education?

A. No, for three reasons. First, EIA will not dramatically increase the overall amount of money being spent on college and university education by those already planning to attend college or university. For them, EIA will simply substitute a better financing mechanism for an inferior array of current funding programs. Second, a reasonable increase in the number attending higher education is now warranted by the superior rates of return that college and university graduates now obtain. We are no longer, if we ever were, "overeducated" as was the belief during the 1970s when returns to higher education temporarily waned. And third, EIA will most expand school resources in vocational training and retraining where the U.S. clearly lags behind the competition.

Q. Won't the EIA program jeopardize public higher education by encouraging students to enroll in more expensive private schools?

A. No. While the repayment rates are reasonable, students will still pay a significant amount of their earnings over their lifetimes in EIA repayments. As a result, students will not automatically abandon public higher education for higher priced private schools. Likewise, the $40,000 lifetime limit on awards forces students to be price conscious in making their investment decisions. Moreover, it is not unreasonable to expect that the overwhelming majority of individuals who decide to pursue higher education precisely because of EIA will choose lower priced public colleges and universities, boosting the overall numbers going into the public sector.

Q. Won't EIA lead to enormous increases in the level of tuition and fees?

A. No. Continued competition between schools for a relatively stable number of college and university students will ultimately require high priced private schools to limit increases in their tuition and fee schedules. This is likely to occur with or without the EIA program. In any case, if tuition does continue to skyrocket at private schools, the correct remedy is one that is now being implemented, at least tentatively: antitrust action. Ultimately, the EIA Fiduciary Trust could be a powerful ally against college cost inflation by refusing to permit students to use EIA funds at schools that persist in raising tuition and fees to unacceptable levels. And since lifetime EIA borrowing is limited to $40,000, this will limit tuition and fees increases.

Public colleges and universities may be another case. They may use the EIA program to reduce the size of state government subsidies. On some grounds, particularly given the interstate mobility of students after graduation and the subsidy of middle class students on funds raised by regressive state taxes, increases in in-state tuition may be justified. In an era of restrictive state budgets, EIA would relieve states of some of the tuition burden. Yet, in order to maintain a "good business climate," one can expect state legislatures to maintain relatively low college and university tuition and fee rates in order to provide strong incentives for their citizens to pursue what is presumably productivity enhancing higher education.

Q. What keeps unscrupulous operators from setting up "sham" training schools to take advantage of EIA-funded students?

A. EIA requires that all institutions eligible for EIA-funded students must be fully accredited and licensed by the states within which they operate. The EIA could be given oversight authority over state accreditation and licensing. To keep tuition and fees in line, the cost of education could be made one criterion for EIA accreditation.

Q. What about post-secondary school dropouts? How would the EIA program affect them?

A. EIA payments are determined by income levels. A borrower pays the same percentage of income (up to the income cap) whether he or she finishes school or drops out. If someone drops out and goes to work, and his or her income rises, then EIA payments also rise. When the borrower reenters school and income falls, payments also fall. Dropouts who never return to school still have a 25 year obligation to the EIA program. They pay the same percentage of income as if they had completed school. But if income is reduced because the borrower did not finish, the amount of the EIA payments is also reduced.

Q. Won't EIA use of the Social Security surplus reduce the funds available for current deficit reduction?

A. Absolutely. But, like Senator Moynihan, we believe that the Social Security Trust Fund surplus should not be "raided" to cover current government expenses. The federal government could continue to cut defense spending, using part of the "peace dividend" to cover the diversion of Social Security surpluses from deficit reduction. Alternatively, the federal government could raise taxes to cover current spending needs. Strengthening the progressive income tax by boosting the top rate for the highest income families back to 33 or even 38 percent would be a step in the right direction.

Q. Why should the Social Security surplus be used to fund EIA when there are so many other unmet needs in America that require funds?

A. To be sure, there are other unmet needs—including some that might even be more "urgent" than postsecondary education. Funds for pre-school programs, for primary and secondary schools, for medical research, for environmental protection, or housing for the homeless are all essential. However, postsecondary education with an EIA repayment mechanism involving the

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direct beneficiaries of the program is perhaps the only one that virtually assures the integrity of the Social Security Trust Fund. For other social programs, the Social Security Trust Fund is simply the wrong instrument.

Isn't the payroll tax that funds Social Security terribly regressive? Why should we finance an education program on such a regressive tax?

A. Yes, the payroll tax is regressive and probably should be reformed so as to make it less so. This could be done by raising the earnings cap on FICA taxes and lowering the rate or even substituting an expanded income tax for part of the payroll tax. Neither of these changes would negate the positive benefit of using the Social Security surplus to capitalize an ability-to-pay education finance scheme like EIA.

Q. How will the EIA program likely affect low-income students?

A. EIA will make additional resources available to low-income students. First, the program permits students to borrow more funds with reasonable repayment schedules. Second, Pell and SEOG grants, which have been especially helpful to low-income students, will be continued. Third, as mentioned above, Congress should take a portion of the $5.1 billion saved by eliminating the Stafford and Perkins loan programs and transfer it into the Pell and SEOG programs.

Q. Will the EIA program make state college prepayment programs like that in Michigan obsolete?

A. No. States which wish to set up college prepayment programs can do so under EIA. Parents who wish to make substantial contributions to their children's education can so using this mechanism.

Q. Won't EIA have a negative effect on philanthropic contributions to institutions of higher education?

A. No. Most corporate and individual giving to higher education is for capital expansion, not current expenses. One suspects that corporations and individuals will continue to contribute to college and university endowments for such purposes.

SUMMARY AND CONCLUSION

It is the rare government program that simultaneously satisfies a number of disparate public policy goals and at the same time has the potential for garnering broad bipartisan support. The Equity Investment in America progam has the potential for being one of these. By providing an increase in the level of funding available for postsecondary education, by appealing to the needs of the middle class student as well as the student from a low-income family, by providing a prudent investment opportunity for the Social Security Trust Fund, and by expanding postsecondary funding to training and retraining progams as well as colleges and universities, the EIA program meets both the fairness and investment definitions of "equity."

The specifics of the program can be debated and revised, but the basic structure provides a sound basis for promoting the national discussion on how America can renew its commitment to education and to equal opportunity. Going back to the principles of GI Bill could provide part of the blue t for the future.

APPENDIX A—CURRENT FUNDING OF POSTSECONDARY EDUCATION IN THE U.S.

Student financing of post-secondary education has become a complex matter involving dozens of grant and loan programs for federal, state, and private sector sources. In 1989, current-fund expenditures of all public and private institutions of higher education within the U.S. reached nearly $121 billion, of which $79 billion was spent by public institutions with the remaining $42 billion spent by the privates (Gerald, Horn, and Hussar, 1989, Table 38, p. 95). This translates into current spending (including room and board) per full time equivalent student of $14,861 in public four-year universities and colleges; $19,340 in private four-year institutions; and $3,871 in two-year community and junior colleges.

Students, of course, do not shoulder the entire burden of these costs. In public colleges and universities, the state government is responsible for a portion of total higher education finance and in all sectors of higher education, grants, contracts, and contributions from alumni, foundations, and corporations comprise a significant part of institutional finance.

To meet the accelerating costs of postsecondary education, students—particularly from low middle income families—have had an array of loan and grant programs to which they can turn for assistance. According to the American Council on Education 1989-90 Fact Book on Higher Education, total student aid in 1986-87 is estimated to have been $20.5 billion. Of this total, three-fourths came from federal sources, nearly one-fifth came from the institutions themselves, and about one-tenth came from state grant programs. Just over half of the full-time, full year undergraduates at public colleges and universities received financial aid from some source with 35 percent receiving federal aid. In the private sector, nearly three-fourths of the full-time, full-year undergraduates receive some form of assistance to meet the costs of tuition, room and board, and other school related expenses.

Among the programs available today are Stafford Student Loans (formerly Guaranteed Students Loans—GSLs), Perkins Loans (formerly National Direct Student Loans—NDSLs), two major grant programs—the Pell and Supplemental Education Opportunity Grants—and the College Work Study Program.

Stafford Student Loans subsidize and guarantee educational loans that private banks make to students who meet specific family income needs tests. Today, it is the primary federal student loan program. More than 80 percent of all federal student loan dollars are provided under its aegis. In 1986-87, some 3.6 million students (20.5 percent of all undergraduates) received assistance through this program which provided a total of nearly $8.6 billion in loans. The average amount of the loan was just under $2,300. While a student is enrolled in school, the loan need not be repaid. Generally, students are given between five and ten years to repay their loans after completing school but are charged an annual interest rate of ten percent.

Perkins Loans are paid directly through the student's educational institution and are awarded on the basis of need. In 1986-87, about six percent of all undergraduates received Perkins Loans. On average, they borrowed only about $1,000 a year under the program. In theory, the needs test is more stringent under this program, but the interest rate on repayment is much lower—five percent. Repayment schedules are similar to those found in Stafford Loans.

Parent Loan for Undergraduate Students (PLUS) and *Supplemental Loans for Students* (SLS) provide shallow subsidies for education loans that private banks make to parents and to independent undergraduate and graduate students. Unlike Stafford and Perkins Loans, there is no financial needs test. However, interest rates on these loans are significantly higher and repayments of at least interest on these loans must begin within two months of the issuance of the loans.

Pell Grants awards, averaging $1,300, went to 18 percent of all undergraduates in 1986-87. These grants are strictly for low income students and are awarded directly to the student. The largest of the nation's grant programs, the Pell Grant program awarded $3.5 billion in 1986. As the name implies, these are grants and, unlike loans, are not repaid.

Supplemental Educational Opportunity Grants (SEOG) provide funds to postsecondary institutions that in turn make awards to needy students. The average award to the five percent of undergraduates who received one in 1986-87 was $700.

College Work Study assisted more than 750,000 students in 1986-87 with total awards of $662 million. To receive work-study, students must be financially needy and they must work in jobs approved for payment under this program.

APPENDIX B—INCOME CONTINGENT PROPOSALS FOR FINANCING HIGHER EDUCATION: A COMPARISON OF EIA WITH OTHER INCOME CONTINGENT PLANS

The concept of income contingent loans for education is by no means new or novel. In fact, as early as 1945 Milton Friedman proposed such a plan and it is discussed in his 1962 book, *Capitalism and Freedom*. According to the Friedman plan: "A governmental body could offer to finance or help finance the training of any individual who could meet minimum quality standards. It would make available a limited sum per year for a specified number of years, provided the funds were spent on securing training at a recognized institution. The individual in return would agree to pay to the government in each future year a specified percentage of his earnings in excess of a specified sum for each $1,000 that he received from the government. This payment could easily be combined with payment of income tax and so involve a minimum of additional administrative expense" (Friedman, 1962, pp. 105-106).

More recently, the Reagan Administration proposed legislation to transform the National Direct Student Loan Program into an income contingent scheme. Under this plan, the annual and lifetime loan limits would be significantly increased, the repayment period would be extended without apparent limit, and repayments would be based on "modified adjusted gross income" of the borrower and his or her spouse (jointly). The interest rate for this program would be sharply increased (from five percent to the 91-day Treasury Bill rate plus three percent). Unlike the Friedman plan, only students demonstrating financial need would be eligible to receive loans.

To our knowledge, the most comprehensive program devised to date is one by Robert D. Reischauer, now Director of the Congressional Budget Office (1989). Under Reischauer's Higher Education Loan Program (HELP), student loans would take the form of an entitlement drawn from a dedicated trust fund. All of those who benefited from this entitlement would be required to make small, continuing contributions to support the trust fund. The size of the contributions would vary with the participant's earnings and with the size of the benefit that the participant received. The trust fund would be self supporting and it would not require subsidies from non participants. Students would repay their loans through the existing FICA payroll tax system. The original funds for the trust fund could come from private capital markets as well as from Social Security trust funds.

The HELP program (and Friedman's early formulation) provides a good place to begin the development of a fully detailed education finance plan such as the Equity Investment in America Plan. Its major components, universality, income contingent repayment, and the possible use of the Social Security Trust Fund surplus are all important. However, EIA goes beyond the HELP plan in a number of critical areas.

(1) The HELP plan is constructed primarily for the "traditional" student—the high school graduate going directly to college and the undergraduate going directly to graduate or professional school. The EIA program provides funds for non-traditional students as well—those who are beginning their postsecondary schooling later in life or returning to school. This affects the repayment rates for an income contingent program.

(2) The HELP plan is targeted to colleges and universities specifically. The EIA plan extends the same educational funding opportunities to students pursuing training, retraining, and apprenticeship programs outside of the college/university setting. This provides for much greater universality in its application.

(3) Like the HELP plan, but unlike other income contingent plans, EIA explicitly ties its financing to the Social Security Trust Fund and permits the EIA Fiduciary Trust

to float additional Treasury bonds if necessary. In this way, the program can guarantee the lowest possible interest rate and assure that there are sufficient funds to permit any and all qualified students to participate fully in the program.

(4) The HELP program suggests that total lending in the first year might be as much as $10 billion. According to various simulations of the EIA program, the first year EIA awards could amount to as much as $30 billion and rise to $55 billion (in 1990 dollars) by the middle of the next decade. Hence, the EIA program is a much more ambitious program, providing America with a source of human capital investment funds for a much broader section of the population.

APPENDIX C—BASIC ASSUMPTIONS OF THE EIA PROGRAM SIMULATIONS

(1) The future economy and future population: The rate of annual wage growth, the inflation rate, and the average rate of interest for trust fund debt obligations, and the projected annual surplus in the Social Security Trust Fund are the taken from the II-B estimates published by the Board of Trustees of the Social Security Trust Fund ("Communication from the Board of Trustees, Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds," 1990). The most important of the II-B assumptions are presented in Appendix Table C1.

APPENDIX TABLE C1.—SELECTED ECONOMIC ASSUMPTIONS FOR EIA PROGRAM SIMULATIONS

Year	Average annual percentage increase in—				
	Real GNP	Average annual wage	CPI	Real wage	Interest rate
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
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2000 and later	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: 1990 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, "[illegible] Economic Assumptions by Alternative, Calendar Years 1989–2065," table 18. The assumptions used here are from the Alternative II-B scenario.

Population projections are from the Bureau of the Census (Spencer, 1989, Table F (Middle Series)). Mortality rates for the population are also from the U.S. Bureau of the Census. Labor force projections are taken from special runs on the March 1988 *Current Population Survey*.[16]

(2) The level of postsecondary school enrollment: College and university enrollment rates by age and attendance status are derived from forecasts made by the U.S. Department of Education (Gerald, Horn, and [illegible]r, 1990, Table 46 (Middle alternative projection)). These rates were applied to the U.S. Bureau of Census population projections. Annual enrollment in non-college training, retraining, and apprenticeship programs was assumed to be equal to three percent of the labor force.

(3) College enrollments are ten percent higher than U.S. Department of Education projections as a result of the availability of EIA funds.

(4) 50 percent of all students participate in the EIA program.[17]

(5) The average annual EIA award among participants is 60 percent of the maximum allowed and varies according to projected full or part-time enrollment status.[18]

(6) Growth in costs of postsecondary education or training: The expected real rate of growth for postsecondary education costs through the year 2000 was calculated as the average annual rate of growth in real current-fund expenditures per enrollee in public and private institutions of higher education.[19] After the year 2000, the real rate of educational costs was assumed to rise at one percent a year (i.e., one percentage point above the Consumer Price Index).

(7) The effect of postsecondary education and/or training on an individual's future earnings: Age-earnings profiles by level of education were estimated from the March 1988 *Current Population Survey*. The profiles were inflated to future years by the Social Security II-B wage rate projections.

(8) EIA program parameters: The key program parameters for the simulations presented here include:

Repayments are made for a maximum of 25 years or through age 65, whichever occurs first.

The maximum award limit is $10,000 per year and $40,000 lifetime for full-time students. These figures are adjusted each year for expected increases in average educational costs. The limits for part-time students are pro-rated.

The EIA repayment rates are set to yield the U.S. Treasury Bond rate plus a premium of 1.75 percentage points.

Repayment is subject to an annual $50,000 earnings cap (adjusted yearly for increases in the average annual wage).

FOOTNOTES

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[1] The Servicemens' Readjustment Act, or as it was popularly known, the GI Bill of Rights, still stands out as perhaps the most successful education investment program ever initiated by the federal government. Following the end of World War II, the federal government provided $14 billion in education and job training benefits for 7.8 million veterans (Congressional Research Service, 1988, pp. 10, 31). The 7.8 million who took advantage of the GI Bill from June 1944 to the end of the program in the early 1950s represents just over half (50.5 percent) of the eligible veteran population. Approximately half of the total budget for the program was spent on the 2.2 million GIs who used the funds to attend college or graduate school. According to the Library of Congress, 2.2 million or 28.5 percent of the 7.8 million attended college under the bill; 3.5 million or 44.6 percent attended other schools including proprietary training schools; 1.4 million or 18 percent received on-the-job training under the bill; and the remaining 690,000 or nine percent were farm trainees. See Appendix A for a review of the current methods used to fund postsecondary education in the United States.

[2] Ultimately, it is the goal of EIA to provide funding so that every year three percent or more of the labor force would be able to avail themselves of vocational training or retraining. This would be part of a new "active labor market policy" for the nation aimed at constantly upgrading and improving the technical skills of the workforce.

[3] These figures were calculated from the March 1988 *Current Population Survey* and reflect the difference in present discounted values between high school graduates and those with less than four years of college and those with an undergraduate degree or more. Expected earnings were calculated through age 65 based on actual March 1988 earnings by age. Earnings were projected to future years and discounted by expected future interest rates using data on wage rate growth and interest rates from the Social Security Administration. For the wage rate growth and projected interest rate assumptions, see "Communication from the Board of Trustees, Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds," 1990.

[4] According to the U.S. Department of Education, in the 1986-87 school year, the average full-time, full year undergraduate had total estimated expenses (including tuition and fees, food and housing, and other expenses) of $6,167. This figure ranged from $4,509 in two-year public institutions to $12,707 in four-year doctoral granting private not-for-profit universities and colleges. For part-time or part-year undergraduates, the figures are $1,907, $3,464, and $7,880 respectively (see National Center for Education Statistics, 1989).

[5] Such a plan involving no subsidy to program participants and hence no burden on taxpayers is referred to as a "mutualized plan"—one in which all costs are covered by borrower repayments. Losses due to borrower low income, death, or disability, are covered by repayments above cost by higher income borrowers (see Riddle, 1982, p. 8).

[6] Appendix D provides a brief overview of earlier income contingent college funding programs.

[7] While eliminating these two federal loan programs, EIA would maintain the Pell and Supplemental Educational Opportunity Grants (SEOG) grant programs as well as College Work Study. These programs are needed for those students who come from the most financially disadvantaged families. They provide a direct subsidy to these students in order to furnish an incentive to pursue postsecondary education. In 1986-87, 60 percent of black undergraduates, 39 percent of American Indian undergraduates, and 34 percent of Hispanic undergraduates received Pell grants (see National Center for Education Statistics, 1989, p. 55).

[8] Beyond this age, the EIA program would provide no major advantage over short-term bank loans, as the dividend repayment period would be less than ten years and thus the EIA dividend repayment rate would have to be quite high to be actuarially sound.

[9] Some of these new training programs would presumably be in the form of "apprenticeships" in a range of white-collar and blue-collar fields, something akin to apprenticeship training in a number of European nations. These new apprenticeships would have to be licensed by state government education agencies in order to permit students to use EIA funds to pay for them.

[10] The earnings cap is built into EIA in order to avoid what economists call "adverse selection"—the tendency among those who expect to have high salaries to opt out of the program. If large numbers of those who expected high incomes were to avoid the program so as to escape fixed repayment rates on very high incomes, the repayment rates on all participants would have to be much higher. Setting an earnings cap reduces the redistribution effect of the EIA marginally, but enhances the overall financial viability of the program.

[11] Under the current provision, an individual can at any time foreclose any further obligation to the EIA program by paying a lump sum equal to 1.9 times the outstanding present discounted value of the average expected stream of repayments for that individual's EIA cohort. The prepayment "premium" of 190 percent is set to be actuarially equivalent to the $50,000 earnings cap. Hence, disregarding the "insurance" benefit of having repayments income contingent, an individual with earnings above $50,000 would be indifferent between repaying EIA over the full 25 year repayment period and "buying out" his or her EIA obligation once and for all.

[12] This option would be exercised in the event that student demand for awards was so great that the EIA Trust Fund would require more than 50 percent of the outstanding Social Security surplus. Under the simulated conditions discussed later in this proposal, this option would not have to be utilized. This is true despite a significant simulated expansion in the demand for postsecondary schooling and liberal use of EIA awards.

[13] In practice, EIA borrows from the Social Security Trust Fund by issuing non-marketable government guaranteed 15-year bonds. If EIA were implemented in 1991, the first of these bonds would mature in 2006.

[14] Current federal loan programs provide only a fraction of the funds needed by most students. As noted in the text, the largest of these, the Stafford Student Loan program (formerly the Guaranteed Student Loan (GSL)) provides a maximum of $2,625 per academic year for the first two years of undergraduate study and $4,000 for each subsequent year up to a total of $17,250. Supplemental Loans for Students (SLS) has a maximum annual loan amount of $4,000 and a total of $20,000. Perkins loans (formerly the National Direct Student Loan program) has the highest maximum: $4,500 per year for the first two years of undergraduate study, $9,000 for the third and fourth years, and $18,000 for graduate study.

[15] The Stafford and Perkins loans are only available to students who have a demonstrated economic need. Students above the standard of need are not eligible and must find alternative means of funding their schooling. These alternative sources are often quite expensive. One example is the Education Resources Institute TERI loan. With a TERI loan, a student can borrow up to $20,000 a year with no income limit or "needs test." However, the present rate on TERI loans is normally the prime rate plus two percent. With a deferment on interest and principal while in school, a typical TERI loan with a five year term carries and annual percentage

rate (APR) of 18.3 percent at regular commercial banks. Professional Education Plan (PEP) loans for graduate study can be even more expensive if the student does not have a co-applicant. The APR on a five year loan with a two-year deferral of principal and interest is currently in the range of 18 percent.

[16] Presently, the default rate on education loans is 18 percent for those who go to two-year public colleges, 14 percent for those who attend two-year private colleges, seven percent for those who go to either private or public four-year schools, and a whopping 33 percent for those who use their loans to attend trade schools (see Gupta, 1990, p. B2).

[17] The original Moynihan proposal is contained in Moynihan, 1989.

[18] The model was developed by Alan Clayton-Matthews at the Social Welfare Research Institute at Boston College. He also performed the simulations and projections presented in this report. The assumptions used in the simulation are found in Appendix C.

[19] In terms of the financial burden to the individual, the simulation analysis estimates the costs in terms of an EIA percentage factor per thousand dollars of investment. The factors vary with the age of the recipient at the time of the investment award in order to take into account the different earnings streams of individuals of different ages and to account for the foreshortened repayment period for those over age 60. The repayment factor also varies with the year in which the award is made in order to account for the growth in average earnings over time. The schedule of repayment factors is available in a special appendix to this report available from the Economic Policy Institute.

[20] The earnings cap in the year 2013—when Bob is age 40—is $66,000 taking into account the average expected growth in earnings.

[21] Contrary to popular perception, postsecondary school students represent a broad cross-section of the nation's citizens by age as well as by gender and race. Of all students, about 54 percent are female. See Gerald Horn, and Hussar, 1989, p. 17. In 1988 there were 2.2 million minority students, about half of whom were black and 625,000 Hispanic (American Council on Education, 1989, p. 67). The percentage of "non-traditional" students—those over age 25—has been growing. In 1988, over 10 percent were age 30-34 while another 16 percent were 35 years of age or older. Hence, more than one-fourth of current higher education enrollments are comprised of individuals who are "thirtysomething" or better. See Gerald, Horn, and Hussar, 1989, p. 33.

[22] Detail on these educational loan and grant programs is taken from Reischauer, 1989; American Council on Education, 1988; and National Center for Education Statistics, 1988.

[23] For more information on income contingent plans, see Riddle, 1982.

[24] For details on the Reagan Administration program, see Riddle, 1986.

[25] Labor force participation rates by age from the March 1988 CPS were applied to the U.S. Bureau of Census population projections to project future labor force levels. Separate projections were made for men and women, and for whites and people of color.

[26] This rate is significantly higher than current federal loan participation rates and reflects the more favorable terms of the EIA program as well as the elimination of "needs based" eligibility. In 1986, 46 percent of all undergraduates received some form of financial aid—loan, grant, or both. Federal loans went to 24 percent of all undergraduates and 36 percent of all graduate and professional students. See National Center for Education Statistics, 1988, p. ix; and National Center for Education Statistics, 1989, p. ix.

[27] The average award in 1991 is estimated to be $4,638 (in current dollars) taking into account the current ratio of full-time to part-time students and factoring in the number of students electing training and retraining programs. This compares with an average undergraduate federal loan amount of $2,486 in 1986. See National Center for Education Statistics, 1988, p. ix.

[28] Calculated from Gerald, Horn and Hussar, 1989, Tables 5 and 28 (Middle alternative projections).

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Mrs. MINK. Thank you very much, Dr. Musto.

Mr. Hong?

Mr. HONG. Good morning, Representative Mink, Representative Jefferson, Representative Washington.

My name is Buzzy Hong. I am with Hawaii Building Trades Council. I represent the concerns of the labor force in Hawaii, and I will be speaking on behalf of our Hesh Kaipua.

Being good union personnel, as we are, acquiring our prescribed lunch hour of 11:30, I will abbreviate my testimony.

I would like to speak briefly about the proposed amendments to the Higher Education Act of 1965 which emphasizes the needs of individual students with regards to financial aid for postsecondary education.

In considering labor's viewpoint, I would like to explain the possible consequences of these reforms for Hawaii. Currently, the State of Hawaii has one of the lowest unemployment rates in the Nation at 2.7 percent.

However, the economists say this constitutes a labor shortage of economy workers and actually hinders our economic growth. As one of the Nation's ten fastest growing cities, jobs are shifting away from agriculture to the more skilled and educational-oriented construction industry, hotel industry, and the communication field, as well as high tech industries.

These shifts are important as they demonstrate the increasing need of the work force to obtain some sort of postsecondary education or training. Over 57,000 Hawaii students are already on this higher education track and many more would like to increase skills as well.

The one thing that usually stands in their way is the cost of an education. This is the purpose of the Higher Education Act to assist the students in paying for their schooling. After reviewing the summary of the proposed amendments submitted by Lamar Alexander, Secretary of Department of Education, I have grave concerns about some of these reforms.

My specific concerns are, absence of cost of living adjustment in the formula determining financial needs and the restrictions on eligibility for financial aid for some vocational and skilled programs because of their short duration.

Hawaii's cost of living is the second highest in the Nation and rose 7.2 percent in the first half of 1990. While nationally it rose only 4.9 percent, Hawaii has the highest prices in the Nation for gasoline, housing, and retail foods.

For example, the median price of a home in Hawaii is $352,000, compared to a national median price of $95,500. As you would expect, the median family income is eighth highest in the Nation at $39,800. However, on the Federal level, nothing is done to adjust the family income level for the cost of living when financial need is being considered.

According to the proposed legislation net home equity would not be included in the calculation of network for families with income under $20,000. With higher incomes and land values, what hope do Hawaii residents have of being eligible for financial assistance?

Although the average Hawaiian family may make $39,800 and own a home worth $350,000, they are still just making it in the so-called middle class. With the cost of education rising each year, members of our industry are having a very difficult time financing their children's college tuition since they do not qualify for any type of aid.

Maybe a cost of living adjustment could be factored into assist these gap group parents in our industry. I wonder at this point how many students from Hawaii are turned down for financial aid because their parents cannot qualify for these aid programs.

There are many good points to these proposals. However, for example, many programs have been streamlined and consolidated and outdated programs have been repealed. Also the limits on Pell Grants and Federal loan programs have been raised to a level more consistent with today's educational costs and inflation.

For labor this is good news. If the qualified members of our industry can better upgrade their own schools and also send their children to school where they can learn a trade, the nature and demands of the work force today require a higher degree of education and skill that can only be required through postsecondary education. Now, more than ever financial aid is the key to obtaining this education. Postsecondary education should be an opportunity for everyone. Thank you very much for this opportunity.

Mrs. MINK. Thank you very much, Mr. Hong. I appreciate very much your presence here not only as a representative of the building trades and related unions but as one of the few witnesses not related to an institution or one of the providers for student assistance but as a member of the general public.

I think what you said here this morning is really the key. How do we make the opportunities for higher education affordable by the middle range of our families throughout America? That really is our challenge.

I thank you very much for coming here today and providing us the very necessary element which is so often missing. Parents cannot come to Washington and testify, and so often they are missed in this kind of a forum. I am really very appreciative of your coming here and giving us your input.

I know that is the same situation of Mr. Chong as a representative of the Carpenters Union. While you are here representing your union, basically, I think your testimony will reflect the needs of your membership, not only as members of the union, but as families. Mr. Chong.

Mr. CHONG. Thank you very much, Congresswoman. Welcome to Hawaii. Last I looked outside the weather is beautiful.

I thank Mr. Hong for keeping it short and not getting paid for the half minute he went past the 11:30 on a time-and-a-half basis. I have heard there are important investigative activities you folks would like to pursue this afternoon, so, likewise, I will keep it short.

I am a field representative for the Hawaii Carpenters Union. Likewise, we do have union membership for the united brotherhood across the Nation with the majority of our members in the 20 to 60 year old age group.

The ideas that I hope to share this morning I think are important, regardless of what background or what field of interest you come from. We see a definite need to provide funding for a group of so-called average people with average income, something Mr. Hong talked about, this group of people that have not been afforded the opportunity to participate using traditional education financial aids that our government currently offers.

There are all types of definitions of what encompasses a good job, and I will share my attempt. I consider a good job—for a person to hold what is considered to be a good job, they must be challenged in a field that interests that particular individual. This includes the opportunity to be creative and apply one's uniqueness.

They must also be financially compensated in a fair manner. And they would like to be appreciated for his or her work or accomplishments.

I have noticed out in the work field that a person changes jobs approximately every 7 years or so. At least that is what the statistics say. And it seems to me that this occurs because a person simply cannot know what one's place is in life—until they have been out in the job world and they have an opportunity to reflect upon their life and then make a clearer decision on what they would like to do.

We look forward to our membership participating in your appropriations in ways that can help them define what they really want to do in life. Typically, in the middle age—middle ages of a person's life—you are limited because you have expenses such as preschool, house mortgages, job stability and earning power. Also the type of restrictions that accompany these responsibilities.

The lack of financial options leaves many that are in our Nation's most productive age group in a frustrating career. A situation which, in turn, leads to lack of full productivity.

I was a teacher before moving into the carpentry field, and I recall many stories I have heard from other teachers about how frustrated they were. And yet they only had 15 years that they had taught, and they only had 10 more years to stick it out. We all know that a frustrated teacher will only lead to a frustrated student.

Unfortunately, I am only part of a small minority that had the courage to try a change. I currently am working with an accountant, a career resort manager and a long-time State harbors manager who are trying to find a financial balance that would allow them to enter our carpenters' apprenticeship program.

I also deal with many of our journeymen that would like to pursue different fields such as law, business and teaching. They are looking for financial aids that could afford them the same opportunity to advance their education and expand their horizons.

Financial sacrifice often is the limiting factor, but it should not be. We need to provide opportunities for those who are courageous enough to pursue their goals. We must earmark some of these funds for this gap group, people like Buzzy and myself that maybe might look good and smell good, but we are broke and we can't pursue those educational opportunities. This would allow them the financial aid that will continue their education or their re-education. This will lead to lives that will be more productive, satisfying and challenged.

And I am sure all of you know of individuals personally that could benefit from financial aid. I do know we have programs such as Alulike that currently funds those native Americans, whether they be Indians, Hawaiians or other groups that are native Hawaiians. But what I am looking for is maybe some opportunity to provide financial aid for the common folk that would like to pursue or has a burning desire but doesn't have that financial backing behind them.

Thank you.

[The prepared statement of Warren Chong follows:]

Hawaii Carpenters Union

United Brotherhood of Carpenters and Joiners of America, Local 745

July 1, 1991

Rep. William D. Ford
and Members of the Committee on Education and Labor
U.S. House of Representatives
2461 Rayburn House Office Building
Washington, D.C. 20515

RE: Post Secondary Education Funding

Dear Chairman Ford and Committee Members,

My name is Warren Chong. I am a Field Representative with the Hawaii Carpenters Union. Our membership totals over 8,000 statewide, with the majority of our members in the 20-60 age group.

We see a definite need to provide funding for this group of so called average people with average income. That group of people that have not been afforded the opportunity to participate using the traditional Education Program Financial Aids that our government offers.

There are all types of definitions of what encompasses a "good job". I will share my attempt.

For a person to hold what is considered to be a "good job", they must:

1) be challenged in a field that interests that particular individual. This includes the opportunity to be creative and apply one's uniqueness.
2) be compensated financially in a fair manner.
3) be appreciated for his or her work or accomplishments.

The searching for a "good job" or for one's "place in life" is evident as statistics say that a person changes jobs somewhere about every 7 years. Often, an individual simply cannot know their interests in life until some later stage in life when experiences have allowed some feedback to refine a career direction.

We look forward to have our membership benefit from your committees appropriations in ways that will allow them to pursue new opportunities. It is unfortunate that these opportunities are often limited by the responsibilities that

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Hawaii Carpenters Union

United Brotherhood of Carpenters and Joiners of America, Local 745

correspond to the economics of middle age. Expenses such as Pre-School, House Mortgages, Job Stability and Earning Power, and Time Restrictions that accompany these responsibilities. The lack of financial options leaves many, that are in our nations most productive age group, in a frustrating career. A situation, which in turn leads to a lack of full productivity.

I was a teacher before moving into the Carpentry Field. There are many stories I personally heard from other teachers, of how frustrated they were. Yet, they already had 15 years credit and only had 10 more years to stick it out. You and I both know that frustrated teachers only produce frustrated students. Sadly, I am only part of the small minority that had the courage to try a change.

I am currently working with an Accountant, a Career Resort Manager, and a long-time State Harbors Manager to try to find the financial balance that would allow them to pursue our Carpenters Apprentice Program.

We also deal with many of our Journeymen that now are burning to expand their potential in fields such as Law, Business, and Teaching. They likewise are looking for financial aid that could afford them that same opportunity to advance their education and expand their horizons. Financial Sacrifice is often the Major limiting factor. **It should not be!**

We need to provide opportunities for those who are courageous enough to pursue their goals. We must earmark some of these funds for this "gap group". This will allow them the Financial Aid that will allow continued education or re-education. This will lead to lives that will be more productive, satisfying, and challenged.

Sincerely,

Warren Chong

Warren Chong
Field Representative
Hawaii Carpenters Union

STATE HEADQUARTERS & BUSINESS OFFICES
OAHU [illegible]
KAUAI OFFICE [illegible]
MAUI OFFICE [illegible]
HILO OFFICE [illegible]
KONA OFFICE [illegible]

Mrs. MINK. Thank you very much, Mr. Chong.

Any questions my colleagues have?

If not, thank you very very much, and especially your comments with reference to Senator Akaka's bill. Senate Bill 923, I believe, is the number. I am not sure. That legislation is, of course, very important, and I am sure the House will be looking into all of its provisions.

The Senator would have wanted to be here today, I know, but he has his own hearings going on in Honolulu. We have to make use of the time we have away from Washington. He had to cover his agenda in Honolulu and could not be here. Thank you very very much.

Mrs. MINK. Our final panel is headed by Ms. Lorraine Teniya, Executive Director of the Hawaiian Education Loan Program, and Hansford Chock. If both of them will now come forward. We welcome you, Lorraine Teniya and Mr. Chock from Bank of Hawaii.

Again, we have your testimony. It will be entered in the record in full. You may summarize.

STATEMENTS OF LORRAINE TENIYA, EXECUTIVE DIRECTOR, HAWAIIAN EDUCATION LOAN PROGRAM, AND HANSFORD CHOCK, MANAGER, STUDENT LOAN CENTER, BANK OF HAWAII

Ms. TENIYA. Good morning Representative Mink and Members of the committee. My name is Lorraine Teniya. I am the Executive Director of the Hawaii Education Loan Program, known as HELP. It is a privilege to have the opportunity to appear before you today. In short, I am representing the guarantee agency.

I would like to describe the significant role the Guaranteed Student Loan Program has played in assisting Hawaii students from all income levels and all ethnic backgrounds in accessing postsecondary education and to discuss the strengths of the Guaranteed Student Loan Program. Despite reports in the press, abuse is found only in isolated pockets.

The Federal student loan program is not perfect, and our statement suggests several possible modifications aimed at increasing the financing options available to students and lessening the risk to the Federal Government and the taxpayer. But we are convinced that the laws authorizing the current Federal student loan program are basically sound policy decisions and have resulted in a successful program of investment in postsecondary education. That investment is necessary for us to advance our national goals of competitiveness and opportunity for every citizen willing to work and study.

Let me briefly describe the background of the HELP program. In September, 1979, Governor Ariyoshi designated United Student Aid Funds, Inc. (USA Funds), a national not-for-profit student loan guarantor, to serve as the guarantor and administrator of the guaranteed student loan program for Hawaii.

In October, 1979, USA Funds opened an office in Honolulu to develop lender participation and inform the public about the availability of the program. The Hawaii Education Loan Program is the name of the GSL program for Hawaii. The HELP Office provides day-to-day guidance and technical support to Hawaii's lenders and schools in the administration of all three GSL programs—Stafford, PLUS and SLS—and information and advice to students and parents.

In the last 12 years, HELP has guaranteed $211 million for 47,000 students with 6,706 students borrowing $19 million in 1990 for an average loan balance of $2,840. The program is carefully administered in this State, in which students, schools, lenders and HELP have put together a successful record.

These loans support students at the two 4-year campuses of the University of Hawaii and its seven community colleges. In addition, students at the six private 4-year universities in Hawaii and 10 proprietary (for-profit) vocational schools participate in these programs. Close to 52 percent of the loans have gone to students attending schools in Hawaii, the remainder to Hawaii students who have taken their loans to mainland campuses.

Banks are the larger lenders, and a number of Hawaii credit unions make loans to their members and members' children. All eligible borrowers have access to loans under the HELP program. There has never been a student unable to obtain a loan because there was not a lender willing to make the loan. We are proud of HELP's excellent record of service to Hawaii.

We are projecting a 3 percent default rate for HELP this year. Last year, Hawaii's default rate was 3.07 percent. Over the last 5 years, HELP's default rate has exceeded 5 percent only in 1988, when loans for the Pacific Islands were merged with HELP loans for reporting purposes. HELP's excellent record of loan repayments is a tribute to the responsible student borrowers in our State and also reflects our efforts to carefully screen our participating schools for any patterns of difficulty.

The current program structure works very effectively to support Hawaii's students in achieving the education to which they aspire—be it vocational training or academic pursuits.

The program also works largely without abuse in Hawaii and throughout the country. Any widely-publicized instances of abuse are found in isolated pockets. They do not describe the condition of the program. In fact, the program has never been stronger.

Congress has taken steps over the past several years to tighten rules governing the program. Some of the key changes are the following: requiring that the checks be sent directly to the school for delivery to the student; requiring that the funds be delivered to the student in multiple disbursements; and eliminating schools with default rates over 30 percent from participating in the SLS program.

These changes have addressed the underlying causes of default and have served to improve the integrity of the program. Because each change is appropriately effective only into the future, its impact is seen over time, rather than immediately.

To repeat, the program is serving students well and instances of abuse are isolated. Therefore, we recommend that in the 1991 Reauthorization of the Higher Education Act you focus on minor changes which strengthen the program instead of on massive changes which we believe are inspired by isolated, sensationalized press reports.

We have several recommendations for change, which have been grouped into three areas: changes to reduce the costs of the program and to strengthen its structure; changes to increase the integrity of the program; and changes to modify the loan terms to bring them into conformance with the borrowers' needs.

To reduce costs, we recommend guarantors assume additional default risk through a reduction in Federal reinsurance to a flat 95 percent in lieu of the current sliding scale.

A second change recommended to reduce Federal costs is changing the interest rate paid by Stafford borrowers to a floating rate, as is the case with PLUS and SLS loans. This change would reduce or eliminate the Special Allowance payments to lenders. The Special Allowance was established in 1969 when the 7 percent interest did not yield an equitable return to lenders but when many States still defined usury as interest over 7 percent. We believe that once a borrower is out of school and in repayment a Stafford borrower can afford to pay a floating interest rate that is capped.

The structure of the program can be strengthened by enhancing the strength of guarantors. The administration has recommended requiring guarantors to maintain a minimum reserve level and requiring that they meet general standards of fiscal soundness. The administration has also recommended that guarantors which do not meet these standards cease independent operation. We concur.

Also, we believe that the program must continue to provide guarantors with the opportunity and incentives to strengthen their financial positions.

Changes to increase the integrity of the program: One area in which the integrity of the program can be strengthened has not yet been addressed by legislation. This is the structure for establishing eligibility for proprietary school participation in the Guaranteed Student Loan Program. It has been established, most recently in the report made by the Permanent Subcommittee on Investigations, that the triad of State licensure accreditation and Department of Education Certification is not working effectively to determine the financial and administrative strength of the proprietary schools prior to admitting them to participation.

The steps Congress recently has taken to tighten the program and eliminate schools with excessive default rates have addressed the "back end," that is, controlling schools' participation in the program after admission into it. Our recommendation is to address the "front end" by more tightly controlling initial eligibility to participate in the program.

Changes to modify the loans term to bring them into conformance with borrowers' needs: Recently, the focus of attention on GSL has shifted away from the needs of students. The concerns over costs and the pockets of abuse have grabbed press attention. We believe reauthorization must also retain a strong focus on serving students. To wit, the annual and aggregate maximums are no longer sufficient to cover a reasonable portion of the dramatically increased costs at many schools. We support the several recommendations by others for increased loan maximums.

Borrowers also would benefit from repayment options which lower their monthly payments. Lengthening the maximum repayment term will permit borrowers to lower their payments by extending them over a longer period. The current 10-year term has not been modified since it was established in 1965. It considers the balances of that time, not those of today.

We suggest that the repayment terms for the GSL program be based on those of the Consolidation Loan Program. Borrowers who need a longer repayment period find it is not to their benefit to refinance the loans with a consolidation loan because they lose certain benefits available under the Stafford loan program.

During the 1980's, while Federal aid failed to meet the needs of low income students, it also was shifted away from middle-income students. We believe that it is vital for Federal student aid policy to foster the participation of low-income students in postsecondary education and at the same time ensure that middle-income students do not lose access to higher education.

The administration has proposed increased targeting of grant aid to the neediest students. We concur with this proposal. We also recommend that Stafford eligibility be again extended to middle-income students during this reauthorization.

This concludes my testimony, Representative Mink and Members. I thank you for the opportunity to testify, and I would be happy to answer any questions you may have.

[The prepared statement of Lorraine Teniya follows:]

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Hawaii Education Loan Program
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U.S. House of Representatives
Committee on Education and Labor
Subcommittee on Postsecondary Education
Hon. William D. Ford, Chairman

Hearings on the
REAUTHORIZATION OF THE HIGHER EDUCATION ACT
Convened by Hon. Patsy T. Mink
Member of Congress
Hilo, Hawaii
July 1, 1991

Testimony Prepared by
Lorraine M. Teniya
Executive Director
Hawaii Education Loan Program
Honolulu, Hawaii

Good morning, Representative Mink and members of the Committee. My name is Lorraine Teniya. I am the Executive Director of the Hawaii Education Loan Program, known as HELP. It is a privilege to have the opportunity to appear before you today.

I would like to describe the significant role the Guaranteed Student Loan Program has played in assisting Hawaii students from all income levels and all ethnic backgrounds in accessing postsecondary education, and to discuss the strengths of the Guaranteed Student Loan Program. Despite reports in the press, abuse is found only in isolated pockets.

The federal student loan program is not perfect, and our statement suggests several possible modifications aimed at increasing the financing options available to students and lessening the risk to the federal government and the taxpayer. But we are convinced that the laws authorizing the current federal student loan program are basically sound policy decisions and have resulted in a successful program of investment in postsecondary education. That investment is necessary for us to advance our national goals of competitiveness and opportunity for every citizen willing to work and study.

Let me briefly describe the background of the HELP program. In September 1979, Governor Ariyoshi designated United Student Aid Funds, Inc. (USA Funds), a national not-for-profit student loan guarantor, to serve as the guarantor and administrator of the guaranteed student loan program for Hawaii. In October 1979, USA Funds opened an office in Honolulu to develop lender participation and inform the public about the availability of the program. The Hawaii Education Loan Program is the name of the GSL program for Hawaii. The HELP Office provides day-to-day guidance and technical support to Hawaii's lenders and schools in the administration of all three GSL programs - Stafford, PLUS and SLS - and information and advice to students and parents.

In the last twelve years, HELP has guaranteed $211 million for 47,000 students with 6,706 students borrowing $19 million dollars in 1990 for an average loan balance of $2,840. The loans are made to students of all backgrounds, reflecting the diversity of the Hawaii population. The program is carefully administered in this state, in which students, schools, lenders and HELP have put together a successful record.

These loans support students at the two 4-year campuses of the University of Hawaii and its seven community colleges. In addition, students at the six private 4-year universities in Hawaii, and ten proprietary (for-profit) vocational schools participate in these programs. Close to 52 percent of the loans have gone to students attending schools in Hawaii, the remainder to Hawaii students who have taken their loans to mainland campuses. The

Guaranteed Student Loan Program provides over half of the financial support available to Hawaii students.

Eighty-seven Hawaii lenders make guaranteed loans to students. Banks are the larger lenders and a number of Hawaii credit unions make loans to their members and members' children. All eligible borrowers have access to loans under the HELP program; there has never been a student unable to obtain a loan because there was not a lender willing to make the loan. We are proud of HELP's excellent record of service to Hawaii.

We are projecting a 3 percent default rate for HELP this year. Last year, Hawaii's default rate was 3.07 percent. Over the last five years HELP's default rate has exceeded 5 percent only in 1988, when loans for the Pacific Islands were merged with HELP loans for reporting purposes. HELP's excellent record of loan repayments is a tribute to the responsible student borrowers in our state, and also reflects our efforts to carefully screen our participating schools for any patterns of difficulty. When a school shows a pattern of defaults, it not only costs the government and the guarantors financially, but represents a lost opportunity for the student. A healthy loan portfolio is most of all a sign of successful students.

The current program structure works very effectively to support Hawaii's students in achieving the education to which they aspire -- be it vocational training or academic pursuits.

The program also works largely without abuse throughout the country. Any widely publicized instances of abuse are found in isolated pockets; they do not describe the condition of the program. In fact, the program has never been stronger.

In addition to eliminating schools with excessive default rates from participation, Congress has taken steps over the past several years to tighten rules governing the program. Some of the key changes are the following:

requiring that the checks be sent directly to the school for delivery to the student.

requiring that the funds be delivered to the student in multiple disbursements which generally coincide with the academic periods.

reducing the SLS loan amount available to first-year students enrolled in programs less than one academic year proportionally according to the length of the program.

requiring a 30-day delay in releasing the first installment of SLS loan proceeds to first-year undergraduate students, and subsequently extending this delayed release to Stafford Loans.

eliminating schools with default rates over 30 percent from participating in the SLS program.

eliminating schools with cohort default rates over 35 percent for three successive years from participation in the Title IV programs for a period of three years.

These changes have largely addressed the underlying causes of default, and have served to improve the integrity of the program. Because each change is appropriately effective only into the future, its impact is seen over time, rather than immediately.

To repeat, the program is serving students well, and instances of abuse are isolated. Therefore, we recommend that in the 1991 Reauthorization of the Higher Education Act you focus on minor changes which strengthen the program instead of on massive changes which we believe are inspired by isolated, sensationalized press reports.

We have several recommendations for change, which have been grouped into three areas:

Changes to reduce the costs of the program and to strengthen its structure.

Changes to increase the integrity of the program.

Changes to modify the loan terms to bring them into conformance with the borrowers needs.

Change to reduce the costs of the program and to strengthen its structure.

The program is vulnerable to criticism because of the costs to the federal government. We think several changes can be made to lower the costs and move toward addressing this concern.

To reduce costs, we recommend guarantors assume additional default risk through a reduction in federal reinsurance to a flat 95 percent in lieu of the current sliding scale. A second change recommended to reduce federal costs is changing the interest rate paid by Stafford borrowers to a floating rate, as is the case with PLUS and SLS loans. This change would reduce or eliminate the Special Allowance payments to lenders. The Special Allowance was established in 1969 when the 7 percent interest did not yield an equitable return to lenders, but when many states still defined usury as interest over 7 percent. We believe that once a borrower is out of school and in repayment a Stafford borrower can afford to pay a floating interest rate that is capped.

The structure of the program can be strengthened by enhancing the strength of guarantors. The administration has recommended requiring guarantors to maintain a minimum reserve level and requiring that they meet general standards of fiscal soundness. The administration has also recommended that guarantors which do not meet these standards cease independent operation. We concur. Also, we believe that the program must continue to provide guarantors with the opportunity and incentives to strengthen their financial positions.

Changes to increase the integrity of the program.

One area in which the integrity of the program can be strengthened has not yet been addressed by legislation. This is the structure for establishing eligibility for proprietary school participation in the Guaranteed Student Loan Program. It has been established, most recently in the report made by the Permanent Subcommittee on Investigations, that the triad of state licensure accreditation and Department of Education Certification is not working effectively to determine the financial and administrative strength of proprietary schools prior to admitting them. The steps Congress recently has taken to tighten the program and eliminate schools with excessive default rates have addressed the "back end," that is, controlling school's participation in the program after admission into it. Our recommendation is to address the "front end" by more tightly controlling initial eligibility to participate in the program.

Changes to modify the loans terms to bring them into conformance with borrowers' needs.

Recently, the focus of attention on GSL has shifted away from the needs of students. The concerns over costs and the pockets of abuse have grabbed press attention. We believe reauthorization must also retain a strong focus on serving students.

The annual and aggregate maximums are no longer sufficient to cover a reasonable portion of the dramatically increased costs at many schools. We support the several recommendations by others for increased loan maximums.

We believe that borrowers also would benefit from repayment options which lower their monthly payments. Lengthening the maximum repayment term will permit borrowers to lower their payments by extending them over a longer period. The current ten year term has not been modified since it was established in 1965; it considers the balances of that time, not those of today. We suggest that the repayment terms for the GSL program be based on those of the Consolidation Loan Program. Many borrowers who need a longer repayment period find it is not to their benefit to refinance the loans with a Consolidation Loan because they lose certain benefits available under the Stafford program.

During the 1980's, while federal aid failed to meet the needs of low income students, it also was shifted away from middle-income students. We believe that it is vital for federal student aid policy to foster the participation of low-income students in post-secondary education and at the same time ensure that middle-income students do not lose access to higher education. The Administration has proposed increased targeting of grant aid to the neediest students. We concur with this proposal. We also recommend that Stafford eligibility be again extended to middle-income students during this reauthorization.

This concludes my testimony, Representative Mink and members. I thank you for the opportunity to testify, and I would be happy to answer any questions you may have.

Mrs. MINK. Thank you very much.

Mr. Chock.

Mr. CHOCK. Good afternoon Madam Chairwoman, Members of the Committee on Education and Labor. My name is Hansford Chock, and I am an Assistant Vice President and the Manager of the Student Loan Center at Bank of Hawaii.

In spite of the fact that the program is very labor intensive and not especially profitable, Bank of Hawaii fully supports the Stafford Student Loan Program. We feel that this program meets the needs of borrowers who either don't qualify for other bank loans or borrowers who need additional funds in addition to existing loans and other financial aid to cover the annual school expenses.

Most of the students we see would not qualify for bank loans because they have little or no income, no credit history and no collateral. Most students would also have difficulty in making the required monthly payments for bank loans while attending schools. If the parents are unable to pay for the annual school expenses, a student may not attend school at all.

To qualify for a Stafford loan, all a student needs to do is attend school on at least a half-time basis and show that there is a financial need.

Some of the benefits of this program to the student include:

One, no payments are due while attending school. They begin 6 months after a student leaves school.

Two, relatively low payments since the monthly payments are spread out over a 10-year period.

Three, low interest rates of 8–10 percent, which is quite low considering these are unsecured loans.

Four, flexibility. Deferment of payments are normally approved to handle special situations such as unemployment, disability, military service, etc.

Last year, Hawaii lenders made $15 million in Stafford loans, of which $7.5 million were made by Bank of Hawaii. We have been participating in the Stafford Loan Program since 1971 and since then have made over $100 million in Stafford loans. With a current portfolio of about $43 million, we are the largest Hawaii lender and servicer of Stafford student loans.

Nationally, there have been lenders and schools that have abused the program. We feel that the new, more stringent regulations and monitoring the last 5 years have made good progress in weeding out lenders and schools that abuse the program.

In closing, we believe that the Stafford loan business is still very healthy. We are committed to the Stafford Loan Program and plan to continue being active in both originating and servicing of Stafford loans. We also plan to begin originating and servicing Parental Loans for Undergraduate Student loans, which is also known as the PLUS loan program.

I wish to thank you again for the opportunity to present this testimony.

[The prepared statement of Hansford Chock follows:]

Bank of Hawaii

STUDENT LOAN CENTER

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P.O. BOX 2900 . HONOLULU, HAWAII 96846 . TELEPHONE 808 538-4189

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I wish to thank you again for the opportunity to present this testimony.

Mrs. **Mink**. Mr. Chock, what is the default experience of the bank on your loan program?

Mr. **Chock**. Right now I am sorry I am unable to give you that figure. I could provide that to you later on.

Mrs. **Mink**. If you would, I think that would be of interest to the committee.

Do you have any questions?

Mr. **Washington**. No, Madam Chairman.

Mrs. **Mink**. Thank you both very much for your testimony. I appreciate you very much for coming.

Mrs. **Mink**. With the permission of the committee, we have a new panel that has been added to our morning's deliberation which will conclude the formal testimony presented to the subcommittee. I would like to call up the students who have prepared testimony and would like to present it at this time.

If the students would come forward. Gail Yoneoka, Renee Echavez, Shirley Curl, Daniel Vaughn, Kealohalani Hanato and Nicholas Sundai. I hope I pronounced them all correctly. If the students would come forward.

STATEMENTS OF GAIL YONEOKA, RENEE ECHAVEZ, SHIRLEY CURL, DANIEL VAUGHN, KEALOHALANI HANATO AND NICHOLAS SUNDAI, STUDENTS AT THE UNIVERSITY OF HAWAII AT HILO

Mrs. **Mink**. Gail Yoneoka. Welcome to the subcommittee.

Ms. **Yoneoka**. Thank you. Good morning—if it is still morning yet—Congresswoman Mink, Congressman Washington and Congressman Jefferson. Thank you for this opportunity to be here.

My name is Gail Yoneoka, and I am a freshman attending the University of Hawaii at Hilo, and I am attending on a part-time basis. At this time, my major is English for now, because I keep changing.

But I have a severe crippling disease called rheumatoid arthritis, and it has impaired me physically to the extent that I use a wheelchair, crutches and leg braces. And daily things—daily tasks—like eating and dressing are all difficult. And I do take a lot of pain medication and other means to keep my pain down.

The Student Support Services has helped me in these following ways:

First, they have given me counseling guidance in helping me choose appropriate courses geared towards a major or towards a BA degree.

Second, they have assisted me in hectic and tedious registrations. Because I have rheumatoid arthritis mornings are very difficult for me, and I do take quite a while just to get moving and sometimes registration, the time that they have me scheduled is like 8 o'clock or in the morning. So maybe Barbara Lee or someone in the program will do the registration for me. That is a big benefit.

Third, also because my ability to walk is limited I can, you know, travel only short distances and classes, you know, time between classes are so short just to travel from one class to another. This past semester they moved one of the classes closer—the classrooms closer—so I was able to not only attend class in time but also I had ample time to use the rest room, which I often do.

And, fourth, they also helped me in one of my botany labs where they had a student assist me in doing experiments which I am not really capable of doing.

Also, when I do have to use the rest room, she is there to assist me.

Thank you.

Mrs. **Mink**. Thank you very much, Gail.

Ms. Echavez.

Ms. **Echavez**. Aloha, Honorable Congressman and Congresswoman. My name is Renee Echavez. I am a senior at UH-Hilo majoring in Speech and Communication with a certificate in Performing Arts. I first entered Upward Bound in 1985 and left in 1986 when I graduated from high school.

During these 3 years, I changed a lot. I grew mentally and academically. U.B. taught me study skills, time management and setting goals. Through this program I was able to get better grades in high school and have more confidence in myself. The goals I started setting in Upward Bound gave me the confidence which got me where I am today.

I remember my first summer in U.B. and how insecure and confused I was about life. Sometimes, now, I sit alone at night and think about how I was in U.B. and how I am now. From that confused and insecure child, I have grown into a mature, responsible and caring woman. And I have U.B. to thank for that. Not knowing at the time where or what I was doing in life, to now, a year away from graduating with my BA in Communications and then working on a certificate in teaching.

Although my first 2 years I learned a lot and got a lot out of the program, I feel it was my senior year that I really benefited from the program. We got help in filling out applications for colleges, financial aid and applying for scholarships. Also, attending college summer school after we graduated helped me get used to what college classes were like. Taking these classes also helped me prepare for the regular college semester.

U.B. has helped me in so many areas, it is hard to just talk about one.

My first year in college, I joined the Student Support Services Program. Thanks to this program, my first 2 years were not as difficult as I anticipated. I received tutoring in subjects I had a difficult time in. I got advice for my classes, help in filling out the financial aid application and also personal counseling. I can't imagine getting through, especially my first year in college, without their help.

Also, the year I applied and got accepted to the National Student Exchange Program SSSP helped me with the problems I was having with financial aid and was just there to support me, which was what I really needed at the time.

There is so much these programs have done for me. Words cannot express how grateful I am for these programs and other programs similar to these. All I can say is that I would not be where I am and who I am if it wasn't for these programs. This is the third summer since I left the U.B. program as a student that I have returned as part of the staff. As long as U.B. exists and I am able to, I will continue to help U.B.

Mrs. **Mink**. Thank you very much for your testimony. That is very powerful endorsement of what the Congress has been trying to do in supporting this program. And there really is no need for you to try to express your gratitude because it is in your achievement and what you have done for yourself as a result of the program that is all we need. It is examples like yourself throughout the country that make this program such a worthy one and which really commends our support in the future. We thank you very much for who you are. Thank you.

[The prepared statement of Renee Echavez follows:]

STATEMENT BY RENEE ECHAVEZ
JULY 1,1991

My name is Renee Echavez. I'm a senior at UH-Hilo majoring in Speech and Communication with a certicate in Performing Arts. I first entered Upward Bound in 1985 and left in 1987 when I graduated from High School. During these three years, I changed a lot. I grew mentally and academically. U.B. taught me study skills, time management and setting goals. Through this program, I was able to get better grades in High School and have more confidence in myself. The goals I started setting in Upward Bound gave me the confidence which got me where I am today. I remember my first summer in U.B. and how insecure and confused I was about life. Sometimes, now, I sit alone at night and think about how I was in U.B. and how I am now. From that confused and insecure child, I've grown into a mature, responsible and caring women. And I have U.B. to thank for that.

Not knowing at the time where or what I was doing in life, to now, a year away from graduating with my B.A. in Communications and then working on a certificate in teaching. Although, my first two years I learned a lot and got a lot of the program, I feel it was my senior year that I really benefited from the program. We got help in filling out applications for colleges, financial aid, and scholarships. Also, attending college summer school after we graduated helped me get used to what college classes were like. Taking these classes also helped me prepare for the regular college semester. U.B. has helped me in so many areas, it's hard to just talk about one.

My first year in college, I joined the Student Support Services Program. Thanks to this program, my first two years wasn't as difficult as I anticipated. I recieved tutoring in subjects I had a difficult time in. I got help in advising for my classes, filling out the financial aid application and also personal counseling. I can't imagine getting through, especially my first year in college without their help. Also, the year I applied and got accepted to the "National Student Exchange Program", SSSP helped me with the problems I was having with financial aid and was just there to support me, which was what I really needed.

There is so much these program have done for me. Words cannot express how grateful I am for these programs and other programs similar to these. All I can say is that I would not be where I am and who I am if it wasn't for these programs. This is the third summer since I left the U.B. program as a student, that I have returned as part of the staff. As long as U.B. exsists and I am able to, I will continue to help U.B.

Mrs. **Mink**. Ms. Curl.

Ms. **Curl**. Representative Mink, Representative Washington, Representative Jefferson, ladies and gentlemen, my name is Shirley Curl, and I am a student at the University of Hawaii at Hilo. I also work for the Financial Aid Office as a Peer Counselor and Need Analyst.

I would like to thank the committee for their support in making Federal funds available for higher education. I am a recipient of financial aid, without which I would not be able to attend college.

Five years ago I was in an accident which resulted in me having to change careers.

A large number of students at the University of Hawaii at Hilo are receiving DSSH. Without the financial aid they receive it would be impossible for them to attend school. Without education they would be stuck in low-paying jobs that do not support their families.

Allowances such as elementary and secondary tuition and medical and dental expenses would help single parents more if it was included in the standard maintenance allowance. The people with lower incomes are not able to take advantage of this allowance, and the people who have higher incomes are once again getting another break.

Students at the University of Hawaii at Hilo have already been determined to be extremely financially needy. Anything that can be done to change the financial form that would take into consideration the number of single parents who have returned to college to further their education would be greatly appreciated.

Thank you very much.

[The prepared statement of Shirley Curl follows:]

Aloha Madam Chairman, Distinguished Members of the Committee, Ladies & Gentlemen:

My name is Shirley Curl and I am a student at the University of Hawaii at Hilo. I also work for the Financial Aid Office as a Peer Counselor and Needs Analyst. I would like to thank the Committee for their support in making Federal Funds available for higher education. I am a recipient of financial aid, without which I would not be able to attend college.

A large number of students at the University of Hawaii at Hilo are receiving DSSH. Without the financial aid they receive, it would be impossible for them to attend school. Without education they would be stuck in low paying jobs that do not support their families.

Allowances such as, elementary and secondary tuition and medical and dental expenses would help single parents more if it was included in the standard maintenance allowance. The people with lower incomes are not able to take advantage of this allowance, and the people who have higher incomes are once again getting another break! Students at the University of Hawaii at Hilo have already been determined to be extremely financially needy. Anything that can be done to change the financial form that would take into consideration the number of single parents who have returned to college to further their education would be greatly appreciated.

Shirley J. Curl

Mrs. MINK. Thank you very much.

Mr. Vaughn.

Mr. VAUGHN. Representatives Mink, Jefferson and Washington, thank you for the opportunity to address this committee today. I, Daniel L. Vaughn, am a senior at the University of Hawaii at Hilo in a dual major baccalaureate program and expect to finish with close to a 3.5 GPA.

While in the scope of the national norms I might well be considered a nontraditional student due to my age—33, here at the UHH I would actually be only just over the average, since our median age is around 27. Thus, from a statistical standpoint, the propensity of our student population towards this more elderly figure gives a clear indication that a significantly large number of our students fall into the "nontraditional" category.

In my own case, I can state unequivocally that without Federal student aid I would not have been able to attend school. I fled the mainland in some economic collapse first in the Northeast, and having gone to Texas from there I got there just in time for the collapse of the oil industry. So, hopefully, it is not following me. So perhaps I had some bad career choices. But certainly without student aid I would not be in the situation I am today, getting ready to graduate and shopping for graduate schools.

From a professional viewpoint, I have become very aware of the value of financial aid. I have worked at the UHH Financial Aid Office since I first joined the campus community and am thus aware of the types and numbers of students receiving aid.

It seems that a large percentage—50 percent—of those students who receive financial aid at the UHH are doing so for much the same reason as myself, the career change/re-entry rationale. These slightly older students generally do not have the built-in family support facilities of "traditional" (younger) students. In fact, many give up menial and/or sheer existence jobs so that they might better their lot in life by higher education. Yet others are endeavoring to shed the blase existence of public welfare by training for some professional situation.

Of course, this is not to say that our younger student population is without financial need. In many cases, these are the children of our nontraditional students. It is not an unusual situation for two to five members of the same family to attend school simultaneously here at the UHH.

Perhaps the people of the Big Island are seeing the need for diversification or perhaps we just have a disproportionately large number of un- and underemployed. The bottom line is that a large portion of our student body are of a category typified as "nontraditional" and commonly are in situations of high financial need.

Our students don't have a lot of financial options. We don't just want aid—we need it. Without it, education is not an option for many of us.

So, in closing, I would state that personally without programs like Pell and College-Work-Study I definitely would not be planning for graduate school today. So I would just like to say thanks. It has made all the difference in the world for me.

[The prepared statement of Daniel Vaughn follows:]

TO: Rep. Patsy Mink and the Hearing Committee
FROM: Daniel L. Vaughn - a concerned student

I, Daniel L. Vaughn, am a senior at the University of Hawaii at Hilo in a dual major baccalaureate program, and expect to finish with close to a 3.5 GPA. While in the scope of the national norms I might well be considered a non-traditional student due to my age (33), here at the UHH I would actually be only just over average, since our median age is around 27. Thus from a statistical standpoint, the propensity of our student population towards this more elderly figure gives a clear indication that a significantly large number of our students fall into the "non-traditional" category.

In my own case I can state unequvocably that without Federal student aid I would not have benn able to attend school. In the spring of 1987 I came to Hilo with $80.00, two suitcases and a bicycle. I had just fled two sequential economic disasters on the mainland -the steel and oil industries. So perhaps I had made some bad career choices in the past, but my main motivation upon arrival in Hawaii was sheer survival. But with the help of Title IV student aid I find myself to be a respected member of the campus community and a scholar with an up and coming future. This is certainly a far cry from the shambles of existence I remember of March 1987. Indeed without this assistance I may well have maintained my prior pattern of hopping from short job to job styles of existence.

From a professional viewpoint I have become very aware of the value of Financial Aid. I have worked at the UHH financial Aid Office since I first joined the campus community and am thus aware of the types and numbers of students receiving aid. It seems that a large percentage (>50%) of those students who receive financial aid a the UHH are doing so for much the same reason as myself - the career change/re-entry rationale. These slightly older student generally do not have the built in support facilities of "traditional (younger) students". In fact, many give up menial and/or sheer existence jobs so that they might better their lot in life by higher education. Yet others are endeavoring to shed the blase existence of public welfare by training for some professional situation.

Of course this is not to say that our younger student population is wihtout financial need. In many cases these are the children of our non-traditional students. It is not an unusual situation for two to five members of the same family to attend school simultaneously here at the UHH. Perhaps the people of the Big Island are seeing the need for diversification, or perhaps we just have a disproportionately large number of un- and underemployed. The bottom line is that a large portion of our student body are of a category typified as "non-traditional" and commonly are in situations of high financial need. Our students don't have a lot of financial options, we don't just want aid - we NEED it. Without it , education is not an option for many of us.

So in closing I would state that personally, without programs like Pell and College-Work-Study I definitely would not be planning for graduate school today. So I would just like to say - thanks, it's made all the difference in the world for me!

Sincerely,

Daniel L. Vaughn

Mrs. **Mink**. Thank you very much, Mr. Vaughn.

Kealohalani Hanato, I had the opportunity to show you around Washington recently, and it is my pleasure to welcome you to this committee.

Ms. **Hanato**. Aloha Honorable Congressmen and Congresswoman.

My name is Kealohalani Hanato, and I am going to be a senior at Pahoa High School in the fall. I come from a family of six. My father is a hotel bellman, and my mother is a food waitress. I have an ethnic mixture of Hawaiian, Chinese, Portuguese and Japanese. I am the first in the family to even think of getting a 4-year college degree.

I have been in the Upward Bound Program going on 4 years. Before I became an Upward Bound participant I had low grades in school, low self-esteem and poor motivation. When my high school counselor told me about Upward Bound, I felt it was a good idea to join.

The program has helped me to acquire good study habits and has provided tutors for my college preparatory courses. I now make a 3.3 grade point average in my schoolwork.

This program has also helped me with my college and career plans, and I want to become either a lawyer or a civil engineer. Neither my parents, teachers or counselors could have provided the kind of intensive academic and personal support and encouragement I receive from the Upward Bound Program. I used to say, "I can't" all the time, but Upward Bound taught me how to think positive and how to survive in school and in this world.

The fact that I am here giving testimony is proof that the program works. I consider myself an independent woman who is striving to make my goals a reality. My outlook on life is positive and full of hopes and dreams.

Two weeks ago Rosie Luis, another Upward Bound student, and I had the opportunity to attend the National Student Leadership Congress in Washington, DC. There we met with Congresswoman Patsy Mink and Senator Daniel Akaka to talk about drug issues in our Nation. Drugs among our peers are a primary concern for us in Hawaii.

This trip would not have been possible if it wasn't for the Upward Bound Program. Rosie and I were selected to represent the State of Hawaii, and Upward Bound paid our total cost to attend the Congress.

If programs such as Upward Bound are consolidated and reallocated to State block grants, opportunities such as this trip would not be readily available to the students. Given the bureaucracy of the State's Department of Education, I am afraid that monies allocated for Upward Bound will be used for things other than direct student services. Therefore, I am against reallocating the money.

I would like to thank you for giving me this opportunity to speak on behalf of the Upward Bound program.

[The prepared statement of Kealohalani Hanato follows:]

TESTIMONY OF KEALOHALANI HANATO
UPWARD BOUND STUDENT
AT THE UNIVERSITY OF HAWAII AT HILO

Aloha Honorable Congressmen and Congresswoman.

My name is Kealohalani Hanato and I am going to be a senior at Pahoa High School in the fall. I come from a family of six. My father is a hotel bellman and my mother is a food waitress. I have an ethnic mixture of Hawaiian, Chinese, Portuguese, and Japanese. I am the first in the family to even think of getting a four-year college degree.

I have been in the Upward Bound Program going on four years. Before I became an Upward Bound participant, I had low grades in school, low self-esteem, and poor motivation. When my high school counselor told me about Upward Bound, I felt it was a good idea to join.

The program has helped me to acquire good study habits and has provided tutors for my college preparatory courses. I now make a 3.3 grade point average in my schoolwork.

The program has also helped me with my college and career plans and I want to become either a lawyer or a teacher. Neither my parents, teachers, or counselors could have provided the kind of intensive academic and personal support and encouragement I receive from the Upward Bound Program. I used to say "I can't" all the time, but Upward Bound taught me how to think positive and how to survive in school and in this world.

The fact that I am here giving testimony is proof that the program works. I consider myself an independent woman who is striving to make my goals a reality. My outlook on life is positive and full of hopes and dreams.

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I would like to thank you for giving me this opportunity to speak on behalf of the Upward Bound Program.

Mrs. MINK. Thank you very much. As usual, you are a very forceful spokesperson for the program. We appreciate your comments.

Our last witness is Nicholas Sundai.

Mr. SUNDAI. Good afternoon Congressmen and Congresswoman.

My name is Nicholas Sundai, and I am a first-year student in the Upward Bound Program. I come from a single parent home and go to Waiakea High School. I am part Afro-American, American Indian, Scottish and Irish.

Last summer I participated in the Upward Bound Program through funds from the State's Department of Labor. This year I am a regular Upward Bound participant, and I will receive the program's full services throughout the year rather than just the summer. I waited a long time to get into the program.

Upward Bound is only limited to 50 students each year, but on this island there are at least three times as many students wanting to participate. It would help if Congress would allocate more money for the program.

The program has taught me the value of an education, and I am now striving to do my best in school. It has given me direction, and my future does not look as dim as it once was. My self-esteem has also improved since I have been in the program. I know I have a lot of barriers to overcome to obtain a college education, but I am confident that I can succeed in overcoming those barriers.

Recently, my mother enrolled in college so she can make a better life for herself and me. I plan to do the same.

Right now I would like to enter either the medical or education field after I graduate from high school. I identify most closely with my Afro-American culture, and I know that in these fields Afro-Americans are underrepresented. I would like to make a difference in helping my people.

Thank you very much for this opportunity to speak to you on behalf of the Upward Bound Program.

[The prepared statement of Nicholas Sundai follows:]

TESTIMONY OF NICHOLAS SUNDAI
UPWARD BOUND STUDENT AT
THE UNIVERSITY OF HAWAII AT HILO

Good afternoon Congressmen and Congresswoman.

My name is Nicholas Sundai and I am a first year student in the Upward Bound Program. I come from a single parent home and go to Waiakea High School. I am part Afro-American, American Indian, Scottish, and Irish.

Last summer I participated in the Upward Bound Program through funds from the State's Department of Labor. This year I am a regular Upward Bound participant and I will receive the program's full services throughout the year rather than just the summer. I waited a long time to get into the program.

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Recently, my mother enrolled in college so she can make a better life for herself and for us. I plan to do the same.

Right now I would like to enter either the medical or education field after I graduate from high school. I identify most closely with my Afro-American culture and I know that in these fields Afro-Americans are underrepresented. I would like to make a difference in helping my people.

Thank you very much for this opportunity to speak to you on behalf of the Upward Bound Program.

Mrs. **Mink**. Thank you very much.

My colleagues have any questions?

Mr. **Jefferson**. I don't have any questions so much as I would like to make a brief comment.

These programs that the Congress has enacted over the years are not there for the universities, for the proprietary schools or for the 2-year colleges. Whatever institutions are, these programs are not for them, they are for the students. They are for people like you who are sitting here before us, and if they are to be ultimately tested and found to be sufficient it will be in your experience that we will find the answers to that question.

And your testimony today is most helpful to us because it tells you, the consumers of these programs, are benefiting from them mightily. And we will reap greater benefits from you for them.

I hope you remain interested advocates for yourselves and communities and people you represent here today because that will help us understand what needs to be done.

The Congress is indebted to you for your having taken the time to appear here and having made the remarks you made today. I certainly thank you, and we will take your testimony to heart.

Mr. **Washington**. Thank you, Madam Chairman.

I would like to associate myself with the remarks made by the gentleman from Louisiana and just add in addition to what he said what you represent and what your bright eyes represent—it doesn't matter how old you are, how young you are, what your sexes are. As people who have given yourself to public service we would like to think from time to time, given the fact that Congress is a large and sometimes unwieldy body, that we can make a difference, that we can make things happen in small ways that result in positive things for people. And speaking for myself, you prove that that is true—looking in your faces, every one of you acquiring additional skills, additional knowledge, taking advantage of additional opportunities.

It seems to me this is what America is really about. It seems to me, as my colleague from Louisiana said, there is but one purpose for an educational institution. Sometimes we lose sight of that. It is for students. Not for teachers, professors, not for administrators, not for people to go where they can go and earn a comfortable living.

The reason to be for an educational basis is for students. You are first on the priority list. Whenever the Congress or administrators find we lose sight of that perspective we have to stop and look at ourselves and think of what we are doing. You are the reason. You are the fuel that drives the machine that makes education so important in our country.

I commend all of you for your efforts you made. You renew my faith and my strength that not tomorrow, perhaps not next year, but over the long haul if we keep fine tuning, if we keep pushing, if we keep batting down, swatting down these looney ideas that come out about redoing the whole system and taking it away and not really letting it address the needs of students, as long as we keep that in perspective, it seems to me the Congress is doing its work.

I would ask one thing of each of you. That is—fortunately, you are partaking of the benefit of things that no one is giving you, that you have earned the right to have—when you become successful, after you have completed your education, remember that there are other young people like yourselves, like every one of you and all of the stories you have told, that there are other people who are "nontraditional" or whatever—whatever labels we put on ourselves and each other to divide God's creatures from each other—every once in a while we have to look beyond that, look beyond ourselves and our circumstances.

Remember that there are ghettos and barrios and neighborhoods all over this country, all over the world from which there are other young minds like yourselves that if only they had the chance that you have would be able to accomplish the things that you do.

So I don't expect each of you to give your life to a life of public service, but I would ask each one of you to never forget where you came from and that there are other people there like you who need the benefit of your help. And you make this government consisting of us and others work.

If you give up on it, if you get happy and you get a nice house and you get a lot of money and you drive a nice car and you forget about these other things, this system will never work. It is only through the application of efforts of young people like yourselves that you keep us remembering what we are there for. Remember the people who are elected to public office are not public dictators but public servants.

Thank you.

Mrs. **Mink**. Thank you very much. I can't add very much to that, except to say that as your Member in Congress, I am enormously proud of each of you individually for what you have accomplished, for your belief in yourselves and for your desire to make a better world, not only for yourselves but for this community and for this State. I am aware of the personal sacrifices I am sure you have undergone in order to bring yourselves, such as Gail, to where you are. I think you exemplify, really, the tremendous power we have in our young people today.

And just as you said in your testimony, that you have stopped saying you can't, I think it is time for the Congress in looking at our responsibilities for the future of our country, understanding the importance of higher education, that we as Members of Congress stop saying we can't and that we shall do better and to rethink our thoughts in terms of our major responsibilities which is to our students. How can we make the program work better, meet the needs of our students across the country? And you have helped us do that today with your presence, and I thank you very very much.

And before we conclude the hearings, I must say that both my colleagues, Senator Akaka and Senator Inouye, I know wished to have been here and really would have enjoyed your testimony, as well as the rest. I have their written statements which they have asked to be inserted in the record at this point. So without any objection from my colleagues, both Senator Daniel Akaka and Senator Daniel Inouye's statements will be entered in the record.

I want to express my gratitude to all the participants today for the efforts they put in presenting and drafting their statements and according this panel the opportunity to hear such a variety of testimony in such a short time. Your cooperation in making this possible is deeply appreciated.

My final thanks to Chancellor Kormondy for arranging the facilities here again and all the hospitality he has offered us.

If there are no further comments, the Chair will conclude the hearings and call this session adjourned.

[Whereupon, at 12:20 p.m., the subcommittee adjourned.]

[Additional material submitted for the record follows.]

STATEMENT OF
THE HONORABLE DANIEL K. AKAKA
BEFORE THE SUBCOMMITTEE ON POSTSECONDARY EDUCATION OF THE HOUSE EDUCATION AND LABOR COMMITTEE CONCERNING THE REAUTHORIZATION OF THE HIGHER EDUCATION ACT

University of Hawaii at Hilo	Maui Community College
8:00 a.m.	8:00 a.m.
Monday, July 1, 1991	Tuesday, July 2, 1991

Madam Chair and members of the Subcommittee, I am very pleased to have the opportunity to submit this testimony today to the Subcommittee on Postsecondary Education of the House Education and Labor Committee concerning the reauthorization of the Higher Education Act.

The reauthorization of the Higher Education Act is without doubt one of the single most important pieces of social legislation the Senate will consider in this session of the 102nd Congress. Of primary concern to me is Title IV of the Act, which in fiscal year 1991 provided about $18 billion in student aid to help financially needy students attend postsecondary colleges, universities, and trade and technical schools.

IDEAL Student Loan Program

Over the past several weeks, your Committee, and its Senate counterpart, have been conducting hearings in Washington and throughout the country on various aspects of the student financial aid issue. Two questions receiving significant attention are how to meet the needs of low-income and middle-income families and how to find an appropriate balance between grant and loan assistance.

Madam Chair, last Thursday, June 27, 1991, I introduced the Income Dependent Educational Assistance Loan Act of 1991 (IDEAL). The bill, S. 1414, would establish an IDEAL student loan demonstration program in 10 congressional districts. Under an IDEAL loan, each student borrower would be obligated to pay back -- typically over a 25 year period -- his or her loan at a predetermined and unchanging fixed percentage of current income, thus making the loan repayment "income dependent."

What makes the proposed income dependent loan program attractive is that the loan repayment schedule takes into account a key factor in loan servicing — an individual's ability to repay. When employed, a fixed percentage of an individual borrower's pay would be automatically withheld by his or her employer and forwarded to the federal government as a partial loan repayment. If a borrower, however, becomes unemployed, takes a maternity leave, or becomes disabled, his or her payments would be temporarily reduced for that period of time the individual is out of the work force.

I introduced this legislation because I am concerned that under current student financial aid programs, many middle-income families are being forced to assume massive loans to send their children to college. In the case of low-income families, I fear that a large number of very able students are simply abandoning their college aspirations altogether because grants and loans are either unavailable or insufficient to meet their education costs.

In advancing my proposal, I should note that the concept of low cost, income dependent student loans is not new. My proposal is unique, however, because IDEAL student loans would be universally available to all students without regard to family income or equity assets held.

Also, it is important to understand that the establishment of an IDEAL student loan program is intended to supplement, but not replace, existing federal grant and work-study programs. In fact, I believe that including an IDEAL loan program in the Higher Education Act reauthorization bill would result in the availability of additional federal resources for grant in aid programs for the truly needy. At the same time, IDEAL loans would equally benefit the middle class who are struggling to cope with the spiraling cost of education, but are presently barred from federal loan programs because they fail the so-called "needs-tests" which determine eligibility.

Madam Chair, I have with me a summary of the provisions of the IDEAL program, and request the Committee's approval to have it printed in the hearing record at this point of my statement.

Income Dependent Educational Assistance Loan Program Summary

Eligibility:

- All citizens of the United States under 56 years of age.

Awards:

- Maximum award of $10,000 per year; $40,000 in lifetime.
- Actual award may not exceed the cost of tuition and room and board plus a stipulated amount for miscellaneous educational related expenses.
- Awards may be used at any state accredited or licensed postsecondary institution, including vocational schools and new "apprenticeship" programs.

Repayment Rates:

- Repayment is income-dependent.
- Repayment rate is based on amount of award, age of recipient, and the year of the award.
- Repayment rates apply only to first $50,000 of earnings.
- Maximum repayment period is 25 years.
- No repayments beyond age 65.

Notification of Employers:

- Recipients are notified of award by IDEAL Fiduciary Trust
- Recipients obligated to notify employers of IDEAL repayment rate.
- Employers responsible for withholding.
- Self-employed recipients must file quarterly with IRS.

Functions of IDEAL Trust:

- Processing applications: Applications are made directly to the IDEAL Trust agency. It verifies eligibility, grants investment awards, and notifies recipients of their IDEAL rate and the terms of their payment obligations. Funds are not released directly to the recipient but to the institution or training program in which the recipient is enrolled. These institutions and programs provide local administration of the investment award for a modest fee.
- Managing the IDEAL trust fund: The agency obtains funds from the sale of U.S. Treasury bonds.
- Establishing repayment rates: The agency will determine the IDEAL rates in accord with prevalent economic conditions and projections. The rate schedules for future participant cohorts are periodically reviewed and adjusted in order to maintain the integrity of the fund.
- Coordinating repayments from participants via IRS.

Madam Chair, if I may, I would like to take just a few minutes to expand my remarks on why this legislation is needed.

I am particularly concerned that the administration's fiscal year 1992 higher education budget would significantly reduce federal student financial assistance for most middle-class families. In fact, Madam Chair, over the past ten years of Republican administrations, the typical student federal aid package has shifted from three-quarters grants and one-quarter loans to a point where it is almost the reverse. Moreover, federal grant programs have failed to keep up with the soaring costs of college. In 1979, the maximum Pell grant covered 46 percent of average college costs. By 1989, it covered only 21 percent. The difference was made up by loans.

These figures do not tell the whole story, however, since many students from low-income families lowered their educational sights and simply gave up the hope of obtaining a college education. As a result, according to information contained in a recent American Council on Education report, the 41 percent in "access gains" made by low-income students into colleges between 1966 and 1977 were lost by 1987. Since 1981, the proportion of freshmen from low-income families enrolled in universities dropped by nearly half, from 18.5 percent to 9.7 percent.

To put this in perspective, we must remember that over 95 percent of all federal higher education dollars go to student aid. When Congress reauthorizes the Higher Education Act later this year, it is my belief that we should strengthen, rather than diminish, the historical commitment we have made to the young people of our country in providing such assistance. I also believe the heavy reliance on traditional fixed repayment educational loans to finance postsecondary education has put many students and their families deeply in debt. As a consequence, I fear many young people are being driven away from public service occupations such as teaching, nursing, and other social service jobs in order to repay their student loans.

A review of the higher education financing landscape indicates that when it comes to paying for the costs of attending college, the wealthy and a small but select number of low-income students have things pretty well in hand. Wealthier students, by virtue of their family's economic circumstances, generally pay these costs out of existing assets. High ability low-income students, on the other hand, without either assets or resources, have available to them an array of government and private sector grants and scholarships. Regrettably, Madam Chair, most low-income and all moderate-income families have pretty much been left to fend for themselves. As I noted earlier, more often than not, middle-income parents have found no alternative but to assume massive loans to enable their children to attend college. In the case of low-income families, these students are forced to discard their college aspirations altogether because grants and/or loans are insufficient to meet their college costs.

The administration's fiscal year 1992 education budget proposals, if enacted, would only add to the misery and apprehension of middle-income families who hope to send a son or daughter to college next fall.

For example, under the administration's budget, a student from a family whose income is $20,000, and who attends a four year state college, would receive forty percent (40%) less in FY92 under the Pell Grant program. This would be $628 less than he receives this year. Even worse, a community college student with a family income of $20,000 would see a seventy-three percent (73%) reduction in his or her grant award under the Bush plan.

The administration's retargeting of Pell Grant aid would generally take funds away from families who have a limited amount of income to send a son or daughter to college. Even with the financial aid benefits provided under current law, these families are already struggling to meet college costs.

The President's education budget also calls for altering the eligibility formula for federal financial student aid. Eligibility requirements would be tightened, and funding would be reduced, for Supplemental Educational Opportunity Grants and College Work Study. Estimates show that about 750,000 middle-income students no longer would be eligible for aid under the Bush proposal.

Needless to say I do not believe the White House budget adequately addresses the pressing needs of these American families who are having a difficult time sending their children to college or other postsecondary training programs. What we are finding is that without some type of federal relief, an increasing number of middle-income families will be without the necessary resources to meet the rising costs of a college education for their children.

It is for these reasons, Madam Chair, that the establishment of an income dependent student loan program such as IDEAL makes good sense. It meets a prevailing need and, from a public policy perspective, is based on sound financing utilizing proven and widely accepted actuarial principles. In addition, since the borrowing power of the federal government is being used to initially fund the program, the cost of borrowing will be kept to the absolute minimum. Moreover, since IDEAL is a direct loan program, the government will be buying capital "wholesale," so to speak, rather than "retail," as is true under current guaranteed loan programs now in force using private capital and commercial banks for the source of funds. And we shouldn't lose sight of the fact that over the long term the IDEAL program is ultimately self-financing as the pool of borrowers grows and payback contributions expand.

In practical terms, Madam Chair, restructuring postsecondary education financing along the lines spelled out in my IDEAL bill would respond to a number of problems inherent in the federally sponsored student financial aid programs currently available. In this regard, University of Massachusetts economist, Barry Bluestone, and his colleagues, Alan Clayton-Matthews, John Havens, and Howard Young, recently produced an Economic Policy Institute briefing paper proposing an income dependent loan program. Although the Bluestone group's proposal uses a funding mechanism completely different from the one in my bill, they suggest that an income dependent loan program such as IDEAL would prove to be beneficial for the following reasons:

1. A universal income dependent loan program eliminates much of the morass of current federal loan programs in favor of one, comprehensive plan available to all postsecondary students.
2. It provides a substantially greater amount of funds under superior terms to most current programs, thus allowing students to better meet the rising cost of post secondary education.
3. It is available to all students in accredited postsecondary schools regardless of family income. There is no "needs test." It is a middle-class program every bit as much as one aimed at the low- and moderate-income student.
4. Since repayment is based on actual earnings, there is effective deferral of principal and interest as long as the student is pursuing full-time studies and has little wage and salary income.
5. As a result of income dependency and IRS collection, defaults are virtually eliminated -- something that now costs the U.S. Treasury in excess of $1.5 billion a year. Moreover, stricter licensing of trade schools with state oversight boards partially funded by a portion of the program's administrative fees would provide effective sanctions against schools that are supplying inadequate or inappropriate training to students. This would reduce the number of students whose incomes were not enhanced by their schooling.

6. It applies equally to all forms of postsecondary schooling from apprenticeships and proprietary trade institutions to graduate and professional schools. It does not discriminate between the student who pursues, for instance, an undergraduate degree in political science and one who seeks retraining as a welder or office machine repairer.
7. Racial and gender discrimination in the labor market is not automatically ratified.as is the current practice under fixed obligation loans. The income dependent feature of the program requires students to repay based on actual earnings and therefore takes full account of differences in earnings which arise for any reason.
8. Because the program is income dependent, students will be more likely to enroll in programs that conform to their academic strengths and career goals than in programs which simply hold out the promise of spectacularly high earnings that can be used to repay fixed short-term loans. This may mean slightly fewer students opting for law careers and MBAs and slightly more students preparing for careers in elementary and secondary school teaching, nursing, and other fields where the monetary rewards are smaller but the contribution to society is arguably no less and very likely greater.
9. Under this program, students can pay for their own education as the benefits from that education become

manifest. More importantly, this will release most parents of at least some of the heavy burden of funding their children's education.

10. Finally, an income dependent program such as IDEAL, by eliminating the need for the Stafford and Perkins loan programs, frees up $5.1 billion of federal education spending per year. These dollars -- or at least a portion of them -- could be used to expand the Pell and SEOG grant programs for the most financially disadvantaged students.

There are likely to be other benefits as well, Madam Chair, not the least of which is simplified and cheaper administration of education loans. The bottom line, however, is that the IDEAL loan program is needed today to provide student financial aid relief to middle-income families and educational security to low income-students as they face the spiraling costs of attending postsecondary institutions of higher education.

"Ability to Benefit"

Madam Chair, there are two other issues related to student financial aid that I would also like to call to your attention. The first addresses the so called "ability to benefit" problem. The second, concerns the treatment of home asset value in determining a family's financial ability to pay for a child in college.

With respect to the ability to benefit issue, on Thursday, April 25, 1991, I introduced S. 923 to address a significant problem affecting the eligibility of some prospective students to obtain federally-sponsored financial aid at public and non-profit institutions of higher education in Hawaii and throughout the country.

My bill would modify a provision of the Student Default Initiative Act of 1990 that is having a devastating impact on individuals without high school diplomas who wish to enroll in community colleges and other public institutions nationwide. Unless we change the law, many of these so-called "ability to benefit" students will be denied federal financial assistance because of the enactment of the Student Default bill.

Madam Chair, I supported the passage of that bill and remain convinced it properly addressed the skyrocketing default rates in the federally guaranteed student loan programs. One of the most important provisions of the legislation was limiting loans to students attending schools with high default rates.

Under another provision of the bill, to qualify for federal financial assistance, students who had not graduated from high school must pass a test approved by the Department of Education. Only then would a non-high school graduate be eligible to apply for a federal grant in aid, work-study assistance, or a federally guaranteed student loan. The underlying reason this requirement was put in place was that far too many institutions -- particularly proprietary schools -- were qualifying "ability-to-benefit" students for financial aid who had neither the requisite skills nor motivation to complete a required course of study.

Although not conclusive, the research available on the subject appears to suggest there may be a correlation between high dropout rates and subsequent high default rates among proprietary school "ability-to-benefit" students.

Madam Chair, therein lies the problem. The provision made no distinction between students attending proprietary schools where high dropout rates and subsequent high loan default rates occurred, and students attending public or non-profit institutions of higher education where dropout rates and loan default rates were significantly less.

The University of Hawaii's publicly supported community college system, like many of its counterparts nationwide, was founded on the premise that higher education should be open to all students regardless of academic qualifications or previous work experience. In Hawaii, successful community-based outreach programs have attracted a significant pool of older adults who have come to recognize the value of education and desire to improve their literacy and/or job skills. The state's community colleges have also made a specific effort to recruit low-income and disadvantaged students. Their objective has been to bring these individuals into mainstream society and into the workforce through specially tailored educational programs.

In order to encourage students to enhance their academic performance or increase their knowledge in their field of employment, our community colleges in Hawaii have developed excellent educational support services. For a student without a high school diploma, these institutions offer comprehensive testing and counseling necessary for the successful completion of a course of study. Our community colleges are in the forefront of this effort and are committed to providing all our citizens the opportunity to acquire the basic literacy and job skills needed to compete effectively in an increasingly technological based society. More often than not, these programs have been tied directly to workplace needs identified by a government-labor-business employment opportunities task force.

The type of students who will benefit from my legislation are difficult to characterize or quantify. They come from a range of backgrounds and family circumstances. Typically, they will be older adults, perhaps struggling single parents, perhaps women who are recently divorced or widowed due to the death of a spouse, perhaps unskilled men or women stuck in entry level jobs, perhaps displaced skilled journeymen with families but out of a job and looking for new skills. The common denominator, however, is financial need, no high school diploma, and the ability, desire, and motivation to better themselves through education.

Whatever the circumstance, Madam Chair, there is overwhelming evidence which clearly indicates that "ability-to-benefit" students attending public and non-profit institutions are not the major source of the student loan default problem. As a consequence, I do not believe these schools should be penalized for the abuses occurring primarily in the for-profit, proprietary segment of the higher education community.

An August 1990, Congressional Research Service report found that based on the default record of students who took out their last loans in 1983, nearly 40 percent of proprietary school students default on their loans compared to about a quarter of students attending 2-year public (community college) programs, a fifth of students attending 2-year private schools, and about 10 percent of students in 4-year public or private school.

Even more compelling is a General Accounting Office (GAO) report with respect to proprietary school students borrowing under the Supplemental Loans for Students program (SLS). This report found that since FY 1987, loans to short-term proprietary school students constituted the largest proportion of default claims over the 3-year period. About $250 million (80 percent) in SLS default claims were attributable to proprietary school students, in contrast to $62 million (20 percent) to students in other schools. Although the GAO study on SLS loans does not show the default rate of students in proprietary schools, it does reflect the magnitude of the problem.

Madam Chair, to deny federal aid to students attending community colleges makes neither good sense nor good policy. The legislation I am introducing would restore financial assistance for those students most in need. It would also ensure that restrictions remain in place for proprietary schools where most of the default abuses appear to be occurring.

In order to be eligible for federal student aid, my legislation would require proprietary institution students who have not graduated from high school to pass an independently administered examination approved by the Department of Education prior to enrollment. This, I believe, will maintain the original intent of the Student Default Initiative Act of 1990.

However, the modifications contained in my bill will enable our public and non-profit institutions to utilize assessment tests, counseling methods, and equivalency degrees for determining "ability to benefit" as they could under the prior law. In addition, should they choose, they may also use the Department of Education-approved testing method. Finally, in order to strengthen the integrity of state-supported educational institutions, my bill would also direct the Secretary of Education to recognize a state-approved method for determining "ability to benefit."

Madam Chair, I firmly believe that meeting the educational and literacy needs of all Americans is an objective that is second to none. My "ability to benefit" legislation takes a small but important step in ensuring that educational opportunities at our publicly supported and non-profit colleges -- primarily community colleges -- will continue to be made available to all our people irrespective of whether or not they earned a high school diploma and without regard to their current economic circumstance.

Home Equity

The final issue I would like to address, Madam Chair, concerns the home equity aspect of the "needs analysis" formula used in determining eligibility for federal student loans.

On Wednesday, May 22, 1991, I cosponsored Senator Harris Wofford's (D-PA) Home Equity bill (S. 1140), which would change the treatment of home asset value in determining a family's financial ability to pay for a child in college. Under current law, a family may have a low annual income but, due to home equity accumulated over years of making mortgage payments, still be judged capable of paying large college expenses. Under this bill, if home equity exceeds two times a family's annual income, then the excess may not be considered in determining the family's ability to pay for a child in college. As a result, their child will be eligible to receive Federal financial aid for higher education.

I am in complete agreement with Senator Wofford and others when they suggest that it is unfair that some families who have worked hard to pay their mortgages over the years cannot receive college aid. Madam Chair, the passage of this bill will go a long way to help the struggling middle-class families on limited incomes send their children to college.

This concludes my testimony, Madame Chairperson. Thank you very much for giving me the opportunity to share my views with you concerning the Higher Education Act reauthorization bill. As I noted at the outset of my testimony, this bill is without question one of most important pieces of legislation that will emerge from this session of the 102nd Congress. It requires our utmost consideration.

news from

Senator DANIEL K. INOUYE

topic: TESTIMONY BEFORE THE U.S. HOUSE COMMITTEE ON EDUCATION AND LABOR, SUBCOMMITTEE ON POSTSECONDARY EDUCATION AT THE UNIVERSITY OF HAWAII AT HILO

date: JULY 1, 1991

release date:

STATEMENT BY U.S. SENATOR
DANIEL K. INOUYE

Madame Chairperson, thank you for providing me with this opportunity to present testimony before the U.S. House Committee on Labor and Education, Subcommittee on Postsecondary Education, regarding of the reauthorization of the Higher Education Act.

Since 1965, the federal government has committed itself to providing financial assistance to our nation's students who are striving to attain a postsecondary education. Over the past two decades, the total expenditure by federal, state and institutional sources for financial education assistance has nearly doubled, amounting to approximately $27.2 billion dollars today. Of this amount, $18.1 billion is provided by the federal government. Additionally, we have succeeded in serving a broader and more diverse population of 19.9 million students or 47 percent of all full-time undergraduates. A quality education today is no longer reserved for the wealthy and elite classes of our society.

Rather, through these programs, I am proud that we have been successful in providing our nation's students access to a postsecondary education. In Hawaii, one-fourth of the total 54,300 students enrolled at colleges and universities throughout the State received some type of financial assistance for the 1989-90 academic year. The federal Pell grant program provided $3.2 million in financial assistance to over 5,400 students in Hawaii.

In light of our nation's increasing enrollment of minority students in postsecondary institutions, I urge your continued support for the TRIO programs under Title IV of the Higher Education Act. The TRIO projects are aimed at assisting students from disadvantaged minority backgrounds. Each of the 1600 TRIO projects in our nation operate at over 980 higher education institutions and community agencies. During the 1990-91 academic year, it provided services to nearly 600,000 disadvantaged minority students, of which 14,000 were disabled.

In Hawaii, ten institutions including, Univerisity of Hawaii at Manoa, University of Hawaii at Hilo, Kapiolani Community College, Windward Community College, Kamehameha Schools, and Maui Community College, offer TRIO services. Together, these institutions received $1.6 million in FY 1991 to serve 3,285 disadvantaged minority students in Hawaii.

Madame Chairperson, as your Subcommittee deliberates on the Higher Education Act, I urge your support for programs which would provide students in rural communities with equal access to higher education resources, as are provided to students in urban communities. For example, I have worked with the faculty at the University of Hawaii at Hilo to initiate a four-year nursing program. It will provide students on the Island of Hawaii with bachelors of science and nursing degrees which are currently offered at the University of Hawaii at Manoa. This program is expected to be offered either in the fall semester of 1991 or in the spring semester of 1992. I am confident that it will benefit the rural communities throughout the Island of Hawaii. In light of our nursing shortage, the students attending the University of Hawaii at Hilo will graduate with the proper training and skills necessary to provide needed health care services and, I am hopeful, will also address the special needs of rural communities.

The University of Hawaii at Hilo has also committed itself to large Native Hawaiian community on the Island of Hawaii. It provides academic training for its faculty members who serve Native Hawaiian elementary school children enrolled in the Gifted and Talented program which is funded by the Congress. At my request, the Native Hawaiian Gifted an Talented program was based at the University of Hawaii at Hilo because I wanted to provide the Hawaiian children on the Big Island with special activities to challenge them, both educationally and culturally. I was privileged and honored to hear the beautiful songs of the Kamalani chorus, a part of the Gifted and Talented program. There are two goals for this program. First, its extensive curriculum provides the faculty with additional educational training and skills to challenge these children with special advanced learning needs which, I believe, fosters and encourages higher standards of education. Second, it sparks within the young children a sense of pride in their Hawaiian heritage, which in turn gives them the self-confidence to pursue an education with vigor. I am hopeful that the children in the Gifted and Talented program today will

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secure the important foundation and drive to enter college in the future.

Madame Chairperson, our youth are relying on us to continue our commitment to making a quality education equally available to all. Our investment in education today may seem an expensive endeavor, but the returns, as you know, are invaluable. An education, once attained, is something that no one can take away. With a diploma comes self-satisfaction and self-esteem, as well as social mobility and economic enhancement.

Madame Chairperson, we must ensure that today's youth have the educational tools and skills to mature into the bright and promising leaders of tomorrow. Our young adults must be competent and confident to lead Hawaii into the 21st century. I thank you again for holding this hearing, and I look forward to working with you to secure additional educational opportunities for Hawaii's students -- our most precious natural resource.

JUL 22 1991

UNIVERSITY OF HAWAII

PRESIDENT

July 12, 1991

The Honorable Patsy T. Mink
U.S. House of Representatives
2135 Rayburn House Office Building
Washington, D.C. 20515

Dear Representative Mink:

The following information is being provided in response to your request at the hearing of the House Subcommittee on Postsecondary Education held in Hilo, Hawaii, on July 1, 1991.

University of Hawaii Enrollment

In Fall 1990, a total of 45,870 students were enrolled in regular credit programs on all campuses of the University of Hawaii. An additional 28,665 students were enrolled in other programs including: continuing education credit and non-credit courses, apprentice/journeyworker programs, and other special courses and activities.

ENROLLMENT COUNT OF ALL STUDENTS
UNIVERSITY OF HAWAII
FALL 1990

Campus	Regular Credit Programs	Other Programs
UH Manoa	18,874	6,261
UH Hilo	4,460	1,280
UH West Oahu	652	
Honolulu Community College	4,383	4,537
Kapiolani Community College	6,292	11,590
Kauai Community College	1,424	728
Leeward Community College	5,812	
Maui Community College	2,346	1,482
Windward Community College	1,627	408
Employment Training Office		2,397
TOTAL	45,870	28,665

2444 DOLE STREET • BACHMAN HALL • HONOLULU, HAWAII 96822
AN EQUAL OPPORTUNITY EMPLOYER

Out of State Enrollments

The University of Hawaii was established by Hawaii's people to meet our state's need for an educated citizenry. In addition, the University educates students from across our nation and the world. By Board of Regents' policy, however, the number of nonresident students is limited to roughly 15% of the University's total enrollment. A table of our Fall 1990 regular enrollment, sorted by permanent home address, is displayed below.

UNIVERSITY OF HAWAII
% ENROLLMENT OF REGULAR STUDENTS BY PERMANENT HOME ADDRESS
FALL 1990

Campus	Hawaii	US Mainland	US Possessions	Foreign
UH Manoa	84.7%	7.9%	.7%	6.7%
UH Hilo	95.5%	3.3%	.1%	1.1%
UH West Oahu	96.1%	3.1%		.8%
Community Colleges	99.0%	.7%	.2%	.1%

Because of the University of Hawaii's unique location, midway between the United States and Asia, many of our foreign students are from Pacific Rim countries. In Fall 1990, the Manoa Campus enrolled 983 students from East Asia, 163 students from South Asia, 336 student from Southeast Asia, and 71 from the Pacific Islands. In addition, Manoa enrolled 141 students America's Pacific territories including Micronesia.

Student Financial Assistance

During the 1990-91 academic year, the University of Hawaii administered approximately $35.5 million in student aid. A summary of the University's major aid programs is displayed on the following page.

UNIVERSITY OF HAWAII SYSTEM
AVAILABLE STUDENT FINANCIAL ASSISTANCE
1990-91

Program	$ Amount
Pell Grants	$ 4,706,604

SEOG Grants	969,972
College Work Study(Fed. funds only)	871,942
Perkins Loans	1,769,155
SSIG Grants	421,354
Stafford Loans(GSL)	6,177,168
State Tuition Waivers	8,379,400
State Higher Ed. Loans	1,069,651
Regular Student Employment(State)	10,780,567
Regents/Presidential Scholars(State)	366,000
TOTAL	$35,511,813

Total Higher Education Act Funds Received

In addition to Title IV federal student aid funds, the University of Hawaii System currently receives approximately $4.5 million in other Higher Education Act Funds. These include $1.4 million for the TRIO Programs, approximately half a million dollars each for Title III and library programs, and $2 million for Title VI programs.

I trust this information will be of use to you in your deliberations regarding re-authorization. On behalf of the entire University of Hawaii community I would like to express my sincere thanks for the opportunity to provide testimony before the Subcommittee on Postsecondary Education. Please let me know if the University can be of any further service to you.

Impact of Increased Matching Requirements

The University has testified that increased matching requirements should not be imposed at a time when states, colleges, and universities are struggling to balance their budgets. In our case, increased matching requirements would not lead directly to a tuition hike because tuition revenue is not retained as part of the University's budget. Instead, tuition revenues are deposited in the State General Fund and our operating costs are addressed entirely through Legislative appropriations. Even so, increased matching requirements would have a severe impact on our operating budget and degrade our ongoing efforts to improve student educational programs.

I would also like to add that the University's Board of Regents typically sets tuition rates five years in advance so that students and their parents can better plan to meet college expenses. Any sudden shift in Federal funding policies will only disrupt our own attempts to manage and control college costs.

I trust this information will be of use to you in your deliberations regarding re-authorization. On behalf of the entire University of Hawaii community I would like to express my sincere thanks for the opportunity to provide testimony before the Subcommittee on Postsecondary Education. Please let me know if the University can be of any further service to you.

Cordially yours,

Albert J. Simone
President

JUL 12 1991

UNIVERSITY OF HAWAII • MAUI COMMUNITY COLLEGE

OFFICE OF
COOPERATIVE EDUCATION

July 8, 1991

Representative Patsy T. Mink
U.S. House of Representatives
House Subcommittee on Postsecondary
Education
Rayburn House Office Building
S. Capitol St. & Independence
Avenues, S.E.
Washington, D.C. 20515

Dear Representative Mink:

Thank you very much for convening the field hearing on the Reauthorization of the Higher Education Act of 1965, as Amended, on Maui, July 2, 1991. My colleague, Alvin Tagomori, and I were pleased to have the opportunity to share our testimony specifically about Title VIII, Cooperative Education, with you and Representatives William Jefferson and Craig Washington.

In response to your question as to why we did not receive 1990 Title VIII administration funds, I indicated that the cut-off scores were slightly higher than the ratings we earned. To clarify my statement, I felt that it would be helpful to give you the specific ratings from each of the grant field readers. Reader 1 awarded the MCC grant 102 points out of a maximum 120; from Reader 2, the total score was 106. Both readers pointed out the strengths of our Title VIII application especially in view of our diverse ethnic population and geographic isolation.

As Dr. John Bonas (U.S. Department of Education) pointed out in his letter to all grant applicants, the number of awards made is determined to a large degree by the amount of funding available. For example, at the 1991 annual meeting of the Cooperative Education Association in Denver, DOE staff indicated that while more than 225 applications were received, only about 80 new administration projects would be funded; another 80 non-competing continuing grants would also be funded. Therefore, one can see that unless Title VIII funds are increased from $17 million to $45 million, it will continue to be difficult for educational institutions to garner seed money to implement or expand co-op programs. We urge you and your colleagues to support the increased funding of Title VIII.

In conclusion, I would like to repeat three key points which were included in the testimony. First, Cooperative Education **utilises an established connection between a student's academic program and a work placement site under supervised conditions.** As a result, academic learning is enhanced and students are better prepared to enter the labor market.

Second, Co-op **is available to students regardless of their eligibility for financial aid.** Thus, students are able to earn an income to help defray college and personal expenses. This is particularly important for families who increasingly find themselves ineligible for federal financial aid programs and thus priced out of the college education market. In this respect, Co-op **differs from the College Work-Study program**; participation in the latter is determined and limited by eligibility for financial aid.

Finally, Co-op **offers opportunities for Hawaii's special populations (women, ethnic minorities, veterans, disabled) to aspire to occupational levels that are more comprehensive than those currently attained or viewed as accessible.** Co-op is also a valuable tool for student retention as well as transition from school to work.

Again, mahalo for giving us the opportunity to address you and your colleagues and also for your support for the reauthorization of the Higher Education Act including Title VIII.

Very truly yours,

Wallette G. Pellegrino

WALLETTE GARCIA PELLEGRINO
Assistant Coordinator
Cooperative Education Program

CHAMINADE UNIVERSITY
OF HONOLULU

OFFICE OF THE PRESIDENT

July 8, 1991

The Hon. Patsy T. Mink
U.S. House of Representatives
2135 Rayburn House Office Building
Washington, D.C. 20515-1102

Dear Patsy:

Thank you for your letter notifying us of the hearings in Hawaii on the Reauthorization of the Higher Education Act.

I have reviewed the April 30, 1991 document prepared by the Secretary of the Department of Education, which you kindly provided to us. While the proposals would affect us in many ways, few of the program changes would be as important as the overall level of federal funding available.

Federal financial aid programs have been, and will continue to be, crucial to the success of our students at Chaminade University. While our tuition is 30% below the national average tuition for a private, four-year liberal arts college, it is still beyond the reach of the resources of half of our students. They are willing to work, they are willing to borrow, and their parents are willing to help, but they cannot make ends meet without Pell Grants, College Work Study, and federal loan programs. The amount of funding available in these programs thus has a large and direct impact on their ability to attend and complete college. We urge you to do all that you can to maintain and, if possible, increase the funding available to our students through federal programs.

I have asked our financial aid experts to comment in more detail on the Department of Education summary of the Administration's proposals. Their suggestions, by page number, are as follows:

1. Page 4. Pell Grant. The new structure to determine the award amount in the Pell Grant program complicates the procedures and would cause delays in the delivery of aid to students. Because the award amount would be tied to a percentage based on the institution's cost of education, which differs by institu-

tion, and the family's income, which is not defined (it may or may not include untaxed income), each institution would have to develop its own unique payment schedule.

2. Page 5. SEOG. If the proposal expects institutions to contribute up to 50% of an SEOG award, then as a compromise, the institution ought to be given greater flexibility to award such monies to needy students. Specifically, the criteria of "Exceptional Financial Need" should be modified, so that institutions need not give priority to students eligible for Pell Grant awards, but could give to some other needy students instead.

3. Page 5. SSIG. We oppose the repeal of this program. The SSIG program has substantially helped students at Chaminade and across the nation.

4. Page 9. GSL. Increasing the loan limits would be helpful.

5. Page 10. GSL. Requiring lenders to perform credit checks does not make sense to us. The great majority of students with GSL's won't have a credit history, or only a minimal one. A few may have a late payment on a credit card or a car loan, but even if this were the case, the lender could go ahead and process the GSL. Considering the small number of cases which are likely to be relevant, this would add unnecessary paperwork for lenders and unfortunate delays for the students and institutions waiting for their checks.

6. Page 15. CWS. We oppose the increase in institutional share to 50%. The current share gives institutions greater leverage to support more student jobs on campus. Students who work part-time are more likely to get good grades and remain in school, and those who work on campus are likely to have jobs which relate to their fields of interest. Students should be encouraged to work their way through college, and CWS supports that goal. We understand that many institutions face a difficult time using CWS funds because, depending on the local economy, students may be able to earn higher wages off campus. However, increasing the institutional share would make the program less attractive to these institutions, with the result that there will be fewer student jobs for those students who do want to work on campus.

7. Page 15. CWS. We oppose eliminating the "for profit" provision of CWS. We don't understand why it makes a difference whether a student is working at a non-profit or for-profit organization. The goal is to get the student working, and if the

student works for a for-profit company in the student's field of interest, all the better. The student earns and learns, the organization gains a good worker, and the school retains a student. It's worth noting that the student who gains experience in a for-profit organization may be more employable in such an organization after graduation. This can enhance the student's ability to repay student loans, which could have a favorable impact on the loan default problem.

8. Page 17. Perkins Loan. We are not persuaded that the authority for new Federal capital contributions for the Perkins Loan program should be repealed. A full range of financial aid programs is necessary to fashion the appropriate support for a full range of student needs. That means a combination of grants, subsidized or low interest loans, market rate loans, work study support, and so forth. The Perkins Loan Program has its own niche, and under appropriate guidelines serves a different need, from the Stafford and SLS loan programs. We suggest that the authority for new Federal capital contributions be retained.

9. Page 18. Independent Student Definition. One of the most frustrating provisions for financial aid administrators is the definition of an independent student, a definition which Congress has established, changed, and seems to continuously wish to change again. The proposed criteria go back to the question of whether a student has lived with his/her parents for more than six weeks, criteria in use before the reauthorization of 1986. These criteria were eliminated because they weren't verifiable. The advantage of the current definition is that it does give a guideline (i.e. $4,000) which can be verified with tax returns as well as other documents. The problem with the current definition is that it relates to when a student first got financial aid. Our preference is to eliminate the provision regarding proof of $4,000 in the year the student first got aid, and change it to the two prior calendar years. The provision to automatically consider graduate and married students as independent is a good one. Our experience is that most of these students turn out to be independent anyway.

10. Page 19. Need Analysis. This proposal would greatly help students from low income families where the student's earnings help to support other family members. A lot of new immigrants will be assisted through this provision.

11. Page 19. Master Calendar. The financial aid community has pushed for a Master Calendar to prevent the U.S. Department

of Education from giving short lead times for changes in procedures and policies. It takes time to learn and adjust to changes.

12. Page 19. V.A. Benefits. We strongly agree with the elimination of V.A. benefits from the need analysis formula. What's in place now is a complex method of determining how the student's amounts impact on his ability to contribute, and much of it is needless work. Eliminating it from the formula and simply considering it as a resource in the need analysis would be a welcome change to financial aid administrators.

13. Page 20. Federal Form. Requiring a single form to be processed by the U.S. Department of Education could be disastrous. If for some reason the Department is not able to start up the processing of the new year's application, or the single need analysis processor is affected by computer programming glitches, every student's application-- in the nation-- would be delayed.

14. Page 20. Academic Performance. The ranking of each academic class in order to determine eligibility for financial aid could delay the delivery of financial aid as well as increase the administrative burdens of each institution. There is also an equity issue here, since institutions are not equal in the academic ability of their students nor the severity of grading. A student in the bottom 10% at one institution could compare favorably with the academic performance of a student in the top 90% at another institution. If one is truly ranking academic ability, the proposal doesn't work.

15. Page 25. Construction. We also are not persuaded that the Federal government should cease to play a role in financing the construction, reconstruction, and renovation of academic facilities. Here at Chaminade, all three of our dormitories as well as our cafeteria were financed with federal funds. Since no financial support of any kind, direct or indirect, is available from the State government, the availability of federal support has been crucial to us. On October 17, 1990 the City Council approved our new Master Plan, which includes three additional dormitories. Federal financing is one of our only hopes for the construction of those dormitories.

While it is not part of the Higher Education Act, we should mention that our programs are greatly affected by military funds available for tuition assistance for military students. We teach at seven military bases on Oahu, and have at any given time approximately 1,000 armed services personnel and their dependents enrolled in evening courses. We have four evening terms each year, and offer approximately 100 classes per term. The armed services provide tuition assistance of 75% of the cost of each course. The number of students and courses they can support each term varies with their own level of funding. We would thus appreciate support for tuition assistance in the armed services budgets.

Thank you for the opportunity to provide these comments. Your work on the Reauthorization of the Higher Education Act will have an important and direct impact on our students here at Chaminade University.

Very truly yours,

Kent

Kent M. Keith
President

July 1, 1991

The Honorable Representative Patsy Mink:

Thank you for the opportunity to present testimony on the reauthorization of the Higher Education Act of 1965. I urge you to exempt first homes from eligibility criteria used to assess the financial need of low income home owners.

My personal experience shows the adverse impact of counting first homes as assets when assessing financial need. I am a single, thirty-eight-year-old, second year law student at the University of Hawaii. Before I decided to go to law school, I had an eight year tenure as director of Hawaii Meals on Wheels. Since I was dedicated to our disabled and elderly clients, I accepted, without complaint, the relatively low salary I received all those years. Although I couldn't save much money, in 1987, with the help of an FHA loan, I was able to buy a small studio condominium in Honolulu for $51,000. The condo now has a market value of around $125,000 and remains my only asset.

In 1990, I decided to quit my job and pursue a career in law to promote personal and intellectual growth and learn new skills to continue to serve the community. The U.H. financial aid office approved me for a tuition waiver and a low interest Stafford loan. After the first year, I was denied the waiver and Stafford loan solely because my condo had appreciated in value. Needless to say, this was a blow to my plans.

As I understand it, home equity is considered a liquid asset for financial assessment purposes. This is true if one has the income to qualify for a loan. I called my bank and was told that I would need a monthly income of approximately $2500 to qualify for a $20,000 loan, the amount I would need to finish my degree. During the school year, I will make about $500 per month for part time work as a law clerk. The equity in my home is not an available cash source for me as a full time student.

I am not the only person in this situation. A recent article, "A Question of Equity: The Effect of Home Value on Need Analysis," 20 Journal of Student Financial Aid (Fall, 1990), shows that people living in areas with high property values have received unequal treatment under the federal need assessment system. "A family in Boston, with an annual income of $30,000, is in effect penalized by CM (Congressional Methodology) because of the area's inflated home values.....The value of a home increases in most instances as a result of market forces, not from conscious decisions of home owners. If the home value increases to a point where the amount of available credit outweighs a family's ability to repay, the "cash source" disappears. *Id*. at 47.

I hope that you will seek to equalize the method of financial need assessment so that low income home owners in areas with inflated property values will not be penalized.

Alicia M Leonhard

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Good afternoon, Congresswoman Mink and members of this Hearing Panel on Postsecondary Education. My name is Robert Bailey and I am here to represent Trendsetters Beauty College, of Aiea, Maui and Hilo, and its President, Percy Anzai, who is unable to be here today.

In the last few years, there has been a great deal of concern about the quality of education given students in vocational schools, especially those students who have received funding through programs under the higher Education Act. The concern centers around the issues of so-called "abusive schools" who allegedly are taking advantage of available funding and ending up with student borrowers who default on their loans.

The current structure of oversight embodied in what is called the TRIAD, the accrediting bodies, states, and the federal government representing accreditation, licensure, and certification respectively, has not been sufficient to prevent abuses of the student loan program. More of the same is not the solution.

To whatever degree fraudulent schools exist, they exist outside of the structure of many of these regulations, either by ignoring them, or fabricating information to appear as though they are in compliance. Current, and certainly additional regulations, have a much more dramatic impact on quality schools who attempt good-faith compliance, then they do on fraudulent schools.

In an effort to reduce the budget deficit, Congress enacted several bills which contain provisions to identify these "so-called abusive schools" by looking at their student loan default rates. However, these efforts will have far greater effect on the very population they are intended to assist....the low income and minority students. Our schools support measures to reduce waste and abuse, however, cutting out assistance for vocational schools, and in particular cosmetology schools which seem to have taken the brunt of negative publicity, is unfair. Labeling cosmetology schools, or any vocational school, as "high defaulters" is not a true representation.

Schools do not default...student borrowers default. Many schools have strong default management programs in place but continue to experience relative high default rates. Most school owners know the default rate of a school is due to the population it serves rather than the school's administration. However, Congress last year decided to eliminate schools with "high" default rates from the Student Loan Program. Beginning this week, students at institutions with a 35% default rate will lose their eligibility for student loans and in two years that figure goes down to 30%. A 30% default rate...the bench mark set by the federal government of a quality school...means that an institution has a 70% success rate in training students well enough to gain meaningful employment and repay their loan.

At the heart of these issues is the dilemma of how to determine what constitutes quality in education and educational institutions. Ask yourself what makes one school better than another. And how do you determine what standard of measure should be used.

In a quality school, it goes without saying...education is first and foremost. However, a quality school is also where students learn a trade...a new beginning...a last chance to realize their hopes...where students can learn responsibility...often for the first time in their lives.

A good school is worthy of our strong support, regardless whether it is a vocational school, a private career school or a four year college. For some people, Harvard or Yale is a good school. But not everyone can benefit from going to these schools. For some, the best school may be a state college, a junior college, or a vocational school. Whether lawyer, doctor, or hairstylist, to the individual involved, it is equally important that they have access to a quality school.

However, apparently there is more interest in Congress and the Department of Education in eliminating fraud and abuse than there is in protecting the rights of students to have access to an education in the school and a profession of their choice.

Congresswoman Mink, our schools are not "high defaulters"...we're very proud that we have been able to keep our default rate controllable, however, it is a difficult battle when cohort default rates utilized by the U.S. Department of Education use data that is suspect.

I ask you, How can schools be accused of being abusive when we did not do the borrowing? How can schools be penalized because of their default rates when we have no input as to who should be able to obtain a loan in the first place? since we have no input, is it not the lenders who are responsible for due diligence in giving the loan and getting the loans into repayment? How can schools be charged with default when, in some cases, the student never enrolled? Thus, Cosmetology schools are unfairly getting a bad rap.

Our schools are about to go through an another extensive re-accreditation process. We have been continuously working at up-dating and up-grading our operations. Our accrediting commission is a hard taskmaster and our schools resent the implication that our accrediting body is being used by the industry. If that is the case, why have we been working so hard to continue to be in compliance with the rules and regulations of accreditation?

In closing , current legislation to eliminate Title IV programs, based on misconceptions is a terrible injustice, not only to vocational schools but to the students they serve. You, Congresswoman Mink, have always been such a strong supporter of education for the people of Hawaii and for that we thank you. Now more than ever, we need your strong voice in Congress telling members, cosmetology as a profession, is strong and healthy in Hawaii. Students have positions waiting for them upon graduation. Most of these graduates are responsible individuals and all have been given the opportunity to get off the dole and become responsible taxpayers.

Isn't this the purpose of a student financial aid program? Being able to offer these programs to those who need assistance is paramount in meeting the goals of educational programs and in keeping these taxpayers in Hawaii.

I would like to thank you for visiting us in Hilo and giving us the opportunity to speak to you today.

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